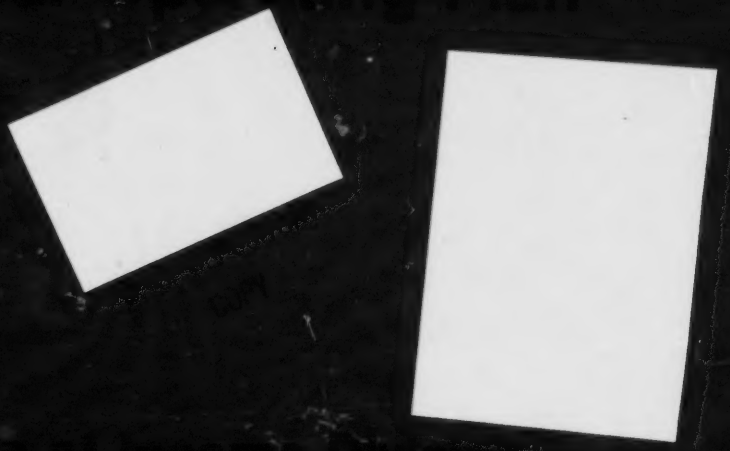
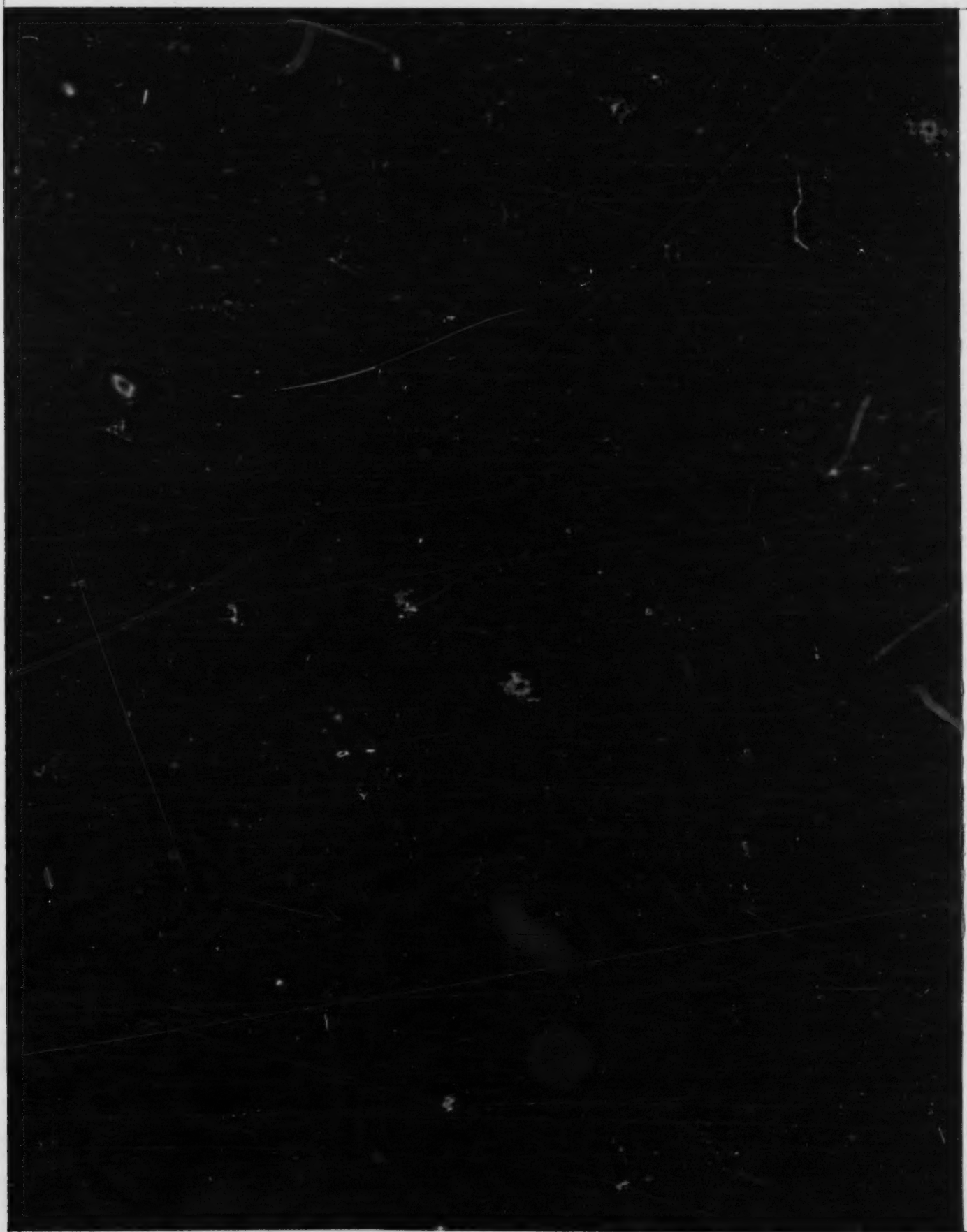
Proposed
Multi-Year Operating Plan



Franchise of Income Division
FY 1990-92

Multi-Year Operating Plan



PREFACE

This is the sixth year for which a multi-year operating plan has been developed for the Statistics of Income Division. This volume of the plan is organized so that there is a chapter for each Branch within the Division and related chapters following for each broad subject matter area within the Branches. Also included in this volume are the resource issues and project milestones, which were included in a separate volume last year. There is also a companion volume, as listed in the Table of Contents, which provides information on sources of data (i.e., tax forms used).

Recent cuts in the Division's budget for Fiscal Year 1986 and the anticipated cuts for the years immediately following have forced us to accelerate the development of systems for the utilization of computer equipment purchased in 1985 which will be dedicated to processing the Division's programs. Other efforts to make our operations more efficient include:

- Realigning our work to more efficient processing locations.
- Developing our skills and techniques to improve our ability to satisfy customers' needs.
- Increasing our emphasis on the development of real time delivery systems.
- Integrating processing methodology among related studies.
- Developing new products to increase the marketability of our work.

Readers of this volume should note that it is only a proposed operating plan. Comments on the document will be sought widely and major changes may be made, particularly as a result of the continuing dialogue with the Office of Tax Analysis. Finally, the staffing assumptions upon which the plan is based will need to be reconsidered as the budget process proceeds.

Fritz Scheuren
Director
Statistics of Income Division

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CHAPTER 1

GENERAL ISSUES AND APPROACHES*

This chapter provides an overview of the Statistics of Income (SOI) Division's multi-year operating plan for Fiscal Years 1986-1992. Also included in Chapter I this year are the resource issues and planning assumptions formerly included in a separate volume [1]. There have been no significant changes to the mission or the organization of the Division in the past year [2].

Chapters 2 through 10 detail the statements in support of the overall plan, as well as the actions proposed to implement the plan as it relates to each statistical program.

GENERAL STRATEGIC APPROACH

The underlying objective in our strategic planning for recent years has been to meet the statistical needs of our principal users on a timely basis while continuing to reduce costs through improved efficiencies. The Division will continue to assign a high priority to the basic annual programs and those mandated by statute. Every effort will be made to provide timely delivery of current information for use in measuring the effects of changes in tax law [3].

We must continue to meet our commitment to the statistical community even though the Division will likely experience budget cuts projected under Gramm-Rudman [4]. A key strategy for meeting this challenge lies in our plan to purchase new computing equipment that will free us from our present heavy reliance on equipment designed for revenue processing. The Division's statistical programs do not always receive the priority needed to ensure that completion dates will be met because our programs are peripheral to the primary mission of the Service.

Since the demand for statistical services is expected to accelerate over the next several years, we have taken a major step to reduce our reliance on mainframe equipment through the purchase of a mini/micro computer system that will be dedicated to SOI processing [5]. Approval for this system, to be located at selected service centers and in the SOI Division, was obtained in 1985. Installation is scheduled for 1986. Plans are to pilot the system for processing the 1985 Partnership SOI program with data abstraction, entry, testing, and error resolution to be combined for "Parallel Processing" with present mainframe processing. The strategy is to develop the programs for full implementation starting with the 1986 Partnership Program. (A detailed account of this plan is included in Chapters 2 and 4.)

*By John DiPaolo, Keith Gilmour, Lock Oh, and Marty Bloom.

A major undertaking for the Division over the next several years will be the development of a Quality Assurance (QA) Plan for all SOI studies as a method for integrating quality in all phases of our work. We will be using several means for promoting quality concepts. Visibility for the program will be gained by conducting training for all employees involved in SOI. We will also visit companies that have quality programs in place. Such visits will involve managers as well as field statisticians and key service center personnel.

Many of our existing quality assurance programs concentrate on procedures for after-the-fact review, but our new programs will place more emphasis on the use of sampling during editing and testing before production begins to evaluate the effectiveness of instructions and instructors. Monitoring of quality will continue through all stages of production.

STATUS OF INITIATIVES BEGUN IN RECENT YEARS

The first half of the 1980's has been a period of major changes in the Statistics of Income programs, products and processing methods. Before discussing new strategies, it would be well to review the status of those begun in recent years.

Fiscal Year 1985 Initiatives

Wherever possible and particularly in the annual recurring programs, the immediate emphasis has been on "rolling over" program requirements in order to reduce development and processing costs. In this regard, program content in the Individual basic program for 1985 represents essentially a rollover from the 1984 program.

During the early Eighties, use of revenue processing data was recognized as a key means for improving the efficiency of SOI processing in terms of quantity, quality, cost, and timeliness. Hence, the modern design of SOI processing systems for virtually all programs incorporates some form of Master File usage. With the redesign of the 1985 Corporation program to include use of Master File data for the first time, all major SOI programs now share the advantages of data abstraction by electronic means. This improvement from manual editing to electronic retrieval has changed the nature of SOI processing which was once considered too complex to be combined with the Service's mainline operations, but now will use that system as a starting point. With the "marriage" of SOI to the Master File System, manual processing operations which previously represented the most costly functions, have been dramatically reduced [6]. The use of Master File data has reduced the need for manual editing, as well as key punching and key verification.

Other processing innovations in the early Eighties include the application of consistency and validity testing concurrent with data abstraction and editing, thus permitting error resolution with the return in hand. This technique has contributed significantly to the improvement in quality, as well as to the reduction in systems development costs by virtue of the simplifications made possible. A related cost saving innovation has been the use of improved imputation techniques for erroneous or missing return data [7].

Among the most important other processing innovations has been the redistribution of workload between the Data Center and service centers. An outcome of this strategy was the transfer of virtually all manual processing for SOI programs out of the Data Center which culminated in FY 1985. Workload redistribution among the service centers has also taken place. For example, Ogden and Cincinnati are becoming major processing centers for the Corporate program. Service centers are selected for SOI processing on the basis of factors such as: familiarity with SOI programs due to prior processing experience; the priority assigned to SOI programs; qualitative differences; efficiency of operations; and the ability to meet scheduling requirements.

The principal product innovation for the 1980's (to date) was the introduction of the quarterly SOI Bulletin, now in its fifth year. This report provides the vehicle for publishing "early" results from the annual studies, as well as the output from special studies (formerly issued as Preliminary and Supplemental reports, respectively). However, because of the nature of the Bulletin (concise articles with summary tabulations), there was a considerable amount of data and documentation which, although available upon request, was not being published. Periodic compendiums were felt to be the best means for providing these additional data.

In 1985, we decided that in every broad subject matter area there will be a compendium of studies every five years. Each compendium will bring together under one cover all the published and unpublished information related to a particular subject that has been generated in the five-year period. This will include not only the relevant Bulletin articles, but also detailed unpublished tabulations, definitions of terms, sample descriptions and limitations, data quality measurements, and facsimiles of tax returns and schedules [8].

A statistical service on international income and taxes will be available for the first time in 1986. For a fee, subscribers will receive not only a copy of the compendium but more up-to-date information on international studies as it becomes available. Also available beginning in 1986 is a statistical service for data on individual income taxes which provides final and preliminary tabulations and other current data as they become available.

The SOI Division produces reports comprised of selected papers prepared by Division members and others for presentation at annual meetings of the American Statistical Association. These reports provide extensive documentation of the methodology used in SOI and related programs. Also produced are proceedings from periodic, specialized conferences (such as the Workshop on Exact Matching Methodologies or the U.S.-Canadian Conference on Tax Modelling) in which Division members participate as organizers and speakers. Most recently, the Division published Record Linkage Techniques--1985, which is intended as a state-of-the-art report on data linkage. This 397-page volume includes not only papers from the Workshop on Exact Matching Methodologies (held May 9-10, 1985, in Arlington, VA), but also extensive background materials and bibliographic citations.

Fiscal Year 1985 Initiatives Postponed or Cancelled

Corporation Branch.-- The 1982 Census-IRS Link Study (CIRSL), originally scheduled to be completed in July 1985, was delayed until January 1986 because of computer problems (in matching to Master File data) beyond the Division's control.

The 1983 Schedule K/K-1 (Form 1065) Study for BEA, originally scheduled to be completed in June 1985, was delayed until March 1986 to provide time for the appropriate resolution of certain error conditions (in the microdata) which were of primary concern to BEA in order that the resulting tabulations meet its data needs.

Individual Branch.-- For budget reasons, we have indefinitely delayed the Form W-2, 1983 Age-Code and Sex-Code File projects. In addition, for the Basic Individual Study, we have deferred our research and phase-in of computer verification of tables from FY 1986 to FY 1987. This change was caused by staff resource constraints associated with the on-going acceleration and other enhancements of the service center processing for the Form 1040 Study.

Foreign Branch.-- The start-up of on-line error resolution for the Foreign Tax Credit/Controlled Foreign Corporations Studies has been deferred to the 1986 studies because of system resource limitations at the Data Center.

Our plans last year were to move transcription for all Foreign Branch studies to the service centers by Calendar Year 1986. Almost all of the transcription has been moved; however, the Data Center is still doing transcription for the 1984 Foreign Tax Credit/Foreign Corporations Study, the 1985 Special DISC Study, and the 1985 Superfund project. Transcription for next year's studies will be moved to the service centers.

Last year, we indicated that by the end of 1985, we will have contracted out input processing for several major Foreign Branch studies; however, our plans have been changed and it now appears that we will continue to do most systems development with IRS personnel, mainly in Detroit and the National Office. All systems processing will continue to be done by the Data Center for the Foreign Tax Credit/Foreign Corporation studies.

We are delaying the release of the Exempt Organization Compendium from 1986 to 1987, and the Wealth Compendium from 1987 to 1988 because of staff resource limitations in the National Office.

As with the Basic Individual study, there has been a delay in our using the computer to compare tables from year to year. Work will begin again when resources become available.

NEW AND CONTINUING METHODOLOGICAL AND PROCEDURAL INNOVATIONS

The extent to which the Division engages in new programs, develops new products, and improves processing methods depends not only on the human resources available, but also on its ability to make these initiatives self-supporting (either through program cost reduction or reimbursement from outside sources). The recent budget cuts have limited the degree to which we can examine all the initiatives identified in last year's multi-year plan; but many are still actively being considered, and some of the more immediate ones are described below.

Program Content Design and Timing

- A perennial problem for the Division is its inability to obtain all the returns designated in the samples. The problem is particularly acute because the missing returns tend to be the ones which have the greatest impact on revenue estimates due to their complex nature. This year, we are attacking the problem from several fronts. For example, we are exploring ways for getting access to the returns earlier. We are evaluating means for pre-identifying hard-to-find returns from prior samples and exploring the use of multiple charge-out techniques. We are also asking that service center procedures be examined by our field statisticians for other improvements.

- The approach to program changes in the Corporation area has been to roll over requirements to the extent possible every other year. The basic program for 1984 was an extension of the 1983 program. New requirements are being developed for 1985 which incorporate some Business Master File (BMF) data for SOI processing. BMF preprinted registers will replace edit sheets as the initial source of SOI data.

- Since the 1985 partnership program will be processed in essentially the same way as the 1984 program, a pilot study will be conducted using the new mini/micro computer system (described in the next section). In effect, we will be "parallel processing" the 1985 sample using two different systems. The expectation is that all of the processing of the 1986 Partnership program will be accomplished on the mini/micro computer system.

- Cost saving initiatives on programs of the Foreign Branch continue to focus on efforts to improve the quality of data from the Service's Master File System [9]. Because of their timely availability and low retrieval cost, these data are looked upon as a prime source for producing tabulations. In a combined effort with Returns Processing and Accounting Division personnel, the SOI staff is concentrating its efforts on improving the quality of data through the development and use of more stringent tests for validity and consistency during Master File processing of returns for Tax-Exempt Organizations.

- A major new direction for all SOI programs is the use of sample returns for evaluating the quality of the revenue processing system. Implementation of this methodology as described in Chapters 2, 5, and 8 in this volume is dependent upon the availability of resources from the Returns Processing and Accounting Division. For example, in recognition of the need to provide QA feedback to responsible service center management early in the processing cycle, scheduling for the 1985 SOI Individual Return program has been changed. Returns processing for SOI began in February rather than July for the 1985 returns [10].

- The advantages of integrating the major SOI studies with revenue processing are recited many times throughout this volume and much of the improvement in efficiency and timeliness of SOI products may be directly attributable to this combined processing. It should not be inferred, however, that all SOI projects should be combined with the revenue processing system. On the contrary, some projects, because of their small sample size or other unique features, may be processed more efficiently outside the Master File system. The new mini/microcomputer system mentioned earlier will be ideal for the statistical processing of these studies.

- Several archival studies are in "pilot" stages. These include a longitudinal file of large private foundations from 1974 to the present and an intergenerational wealth study focussed around estate tax returns from 1916 (the inception of the tax) to the present. The budget cuts mentioned earlier have put the latter study in jeopardy and work cannot proceed beyond Fiscal Year 1986 without substantial support from outside sources.

- Research is ongoing into the Division's ability to obtain individual income and tax data from sources other than the tax return, as indicated in the description of the Information Returns Program match project (Chapter 7). Coincidentally, one of the tax simplification proposals included in the Treasury Department's tax reform report was a "return free" system for individuals whereby data necessary for computing tax liability and payments would be obtained from information documents now currently provided (by other than the taxpayer) to IRS.

- The Corporation sample design has been under intense review. One of the things being considered is whether it might be better to split the sample into segments that could be used to satisfy the needs of the different customers. An alternative design under study is one that would allow us, in the event of the need for a sample cut, to adjust the selection rates for returns that show little year-to-year change.

- Research continues in regard to providing more feasible early estimates of individual income tax return data to the Office of Tax Analysis and corporation income tax return data to the Bureau of Economic Analysis [11].

Product Development

- One of the most promising areas of ongoing research is in providing "customer" access to SOI files on a reimbursable time-sharing basis (see Chapter 5). Indeed, this may be the "product of the future," replacing many of the detailed tabulations (published and unpublished) that we now generate.

- Corporation Source Book data (minor industry detail) exist for over fifty years in various forms: hard copy, microfilm, and/or magnetic tape. The Division has commenced a project to convert this material to a standard format, combine historical data by industry, and make the resulting product available on a reimbursable basis.

- The Division has secured from the Federal Records Center magnetic tape copies of files created for most statistical studies since the 1960's. Currently, the useability of many of these files is limited since they were created in different formats, which are now obsolete. We have engaged a contractor [12] who will re-create the files in a consistent, up-to-date format and develop for each a complete documentation package, which will be recorded on magnetic tape along with each data file. The tapes will then be maintained in a manner which will ensure their readability over time.

Processing Changes

- Within the planning period, the Division expects that the basic individual SOI processing will be totally "on-line" with regular revenue processing at the service centers. This means that all statistical data abstraction and perfection would eventually be done at one point in time (see Chapter 5).

- Efforts are continuing to integrate the annual sample for the Taxpayer Usage Study (TPUS) with that of the Individual SOI sample. (Earlier efforts at achieving greater integration among related studies have yielded significant benefits and we expect to achieve a similar result in this case.)

RESOURCE ISSUES AND PLANNING ASSUMPTIONS

The budget information that follows is based on the Internal Revenue Service's multi-year planning documents for Fiscal Years 1986 and 1987. Budget information for the later years has been developed with the assumption that the Division will maintain a level of activities somewhat less than that shown for 1986, but with only a gradual reduction in resources [13].

The use of contractors is still planned to be an integral part of the Division's operations, especially in the areas of systems development and table production. This is shown in the resource tables throughout this volume in a separate "location" category, labeled "outside contractor."

The activities of the SOI Division have been identified under the procedures established by the Office of Management and Budget (OMB) Circular A-76, Performance of Commercial Activities which provide, in general, that the Government should rely on the private sector for needed goods and services to the extent possible [14]. Those functions which are inherently governmental in nature are to continue to be retained in-house. However, for those activities in which products or services can be provided by both commercial and Governmental sources, cost comparisons are to be performed to determine the most economic method of performance [15].

The cost comparison required by Circular A-76 will result from a Management Study of the Division's operations. The procedures for this are provided by the Circular in detail. The resources for this study are estimated at 10 staff years during the FY 1986 to FY 1988 period.

FIGURE A.--STATISTICS OF INCOME DIVISION PROGRAMS: ESTIMATED STAFF YEARS BY PROGRAM AND LOCATION, FISCAL YEARS 1986-1992

PROGRAM	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
ALL LOCATIONS																					
SOI PROGRAMS. TOTAL...	241.2	236.3	235.0	220.2	217.1	214.2	209.0	350.8	344.7	338.4	331.5	322.4	314.5	306.6	508.0	497.0	486.0	475.0	464.0	453.0	442.0
CORPORATION AREA. TOTAL..	112.5	125.2	111.2	111.9	109.2	109.5	107.8	159.1	174.2	154.6	163.1	157.7	154.7	150.6	226.6	247.2	218.7	230.7	223.7	219.8	213.9
INDIVIDUAL AREA. TOTAL...	53.3	52.7	61.4	51.0	51.1	50.6	46.9	82.8	82.3	91.9	81.2	77.9	77.8	73.9	123.0	121.8	134.4	119.1	114.6	114.1	109.1
FOREIGN AREA. TOTAL.....	75.4	58.4	62.4	57.2	56.8	54.2	54.2	108.9	88.1	91.9	87.2	86.9	82.5	82.1	158.3	128.0	133.0	125.2	125.6	119.1	119.0
NATIONAL OFFICE																					
SOI PROGRAMS. TOTAL...	87.1	91.7	84.7	91.3	86.1	88.5	83.4	119.4	124.9	118.1	124.5	119.3	121.7	116.6	177.0	184.4	175.8	184.0	176.7	180.2	173.1
CORPORATION AREA. TOTAL..	32.6	36.4	31.8	33.9	33.1	33.3	31.7	44.2	48.5	43.8	45.9	45.2	45.3	43.6	63.9	69.9	63.4	66.2	65.4	65.4	63.2
INDIVIDUAL AREA. TOTAL...	26.9	26.2	25.2	26.7	25.2	25.0	24.8	37.4	36.9	36.2	37.4	35.9	35.7	35.8	56.3	55.5	54.6	56.8	54.2	53.8	54.0
FOREIGN AREA. TOTAL.....	27.6	29.1	27.8	30.8	27.8	30.2	26.9	37.8	39.5	38.2	41.3	38.1	40.8	37.2	56.7	59.0	57.2	61.5	57.1	60.9	55.9
DATA CENTER																					
SOI PROGRAMS. TOTAL...	33.6	27.0	21.3	17.9	19.4	18.6	19.6	54.3	46.5	37.4	33.8	33.8	33.8	33.2	90.0	77.0	62.0	56.0	56.0	56.0	55.0
CORPORATION AREA. TOTAL..	12.4	10.9	7.7	7.7	7.7	7.7	7.7	20.2	19.0	14.0	14.8	14.2	14.8	13.5	33.4	31.4	23.2	24.5	23.5	24.6	22.4
INDIVIDUAL AREA. TOTAL...	11.9	10.0	8.4	7.9	7.9	7.9	7.9	18.8	16.7	14.1	14.5	12.6	13.1	12.5	31.1	27.6	23.4	24.0	20.8	21.8	20.8
FOREIGN AREA. TOTAL.....	9.2	6.1	5.1	2.4	3.8	3.0	4.0	15.4	10.8	9.3	4.5	7.0	5.8	7.1	25.5	17.9	15.4	7.5	11.6	9.7	11.8
SERVICE CENTERS																					
SOI PROGRAMS. TOTAL...	118.4	113.5	123.7	103.9	105.8	102.0	101.2	134.3	129.6	137.9	126.6	132.8	123.2	121.4	188.0	181.5	193.1	177.2	186.0	172.5	169.9
CORPORATION AREA. TOTAL..	65.4	73.9	67.8	66.3	64.4	64.4	64.4	74.3	84.6	75.4	80.9	81.1	77.9	76.9	104.1	118.4	105.6	113.3	113.5	109.0	107.7
INDIVIDUAL AREA. TOTAL...	14.5	16.5	26.4	13.4	16.3	16.8	13.5	15.8	18.4	29.5	15.8	19.8	19.8	16.3	22.2	25.8	41.2	22.2	27.7	27.7	22.9
FOREIGN AREA. TOTAL.....	38.6	23.2	29.5	24.1	25.0	20.8	23.3	44.1	26.6	33.1	29.8	32.0	25.5	28.1	61.7	37.3	46.3	41.7	44.8	35.7	39.4
OUTSIDE CONTRACTOR																					
SOI PROGRAMS. TOTAL...	2.1	4.1	5.3	7.0	5.8	5.1	4.8	42.8	43.6	44.9	46.6	36.5	35.8	35.4	53.1	54.1	55.7	57.8	45.3	44.4	43.9
CORPORATION AREA. TOTAL..	2.0	4.0	4.0	4.0	4.0	4.0	4.0	20.4	22.2	21.4	21.5	17.2	16.7	16.6	25.2	27.5	26.5	26.7	21.3	20.7	20.5
INDIVIDUAL AREA. TOTAL...	0.1	0.1	1.3	3.0	1.7	0.9	0.8	10.8	10.3	12.2	13.4	9.6	8.7	9.2	13.4	12.8	15.1	16.7	11.8	10.8	11.4
FOREIGN AREA. TOTAL.....					0.2	0.2		11.6	11.1	11.4	11.7	9.8	10.4	9.6	14.4	13.8	14.1	14.5	12.1	12.9	11.9

Basis of the Cost Estimates

Figure A summarizes the estimates of staff-years for the Division's work by Branch and location for Fiscal Years 1986-1992. The cost estimates for Fiscal Year 1986 are based on the aggregation of costs by function for over 50 projects, which represent all ongoing appropriated and reimbursable SOI studies. Although these are estimates of costs and are not actual expenditures, the estimates are based on the experience of conducting similar statistical studies in previous years. The same technique was used for other projects planned for Fiscal Year 1987-1992, but not yet ongoing.

A list of all the detailed functions for which project costs are estimated is shown in Appendix A. For presentation purposes, the project functions were combined into categories, shown as major headings. The staff-year costs by function and location are shown in Tables 1-4 of Appendix A.

In projecting costs into Fiscal Years 1988-1992, certain considerations were taken into account. Some of the more important of these were:

- changes in (and reduction of) processing locations;
- more efficient methods of operation and use of new statistical techniques;
- lowered costs in selection, control, and shipment of returns;
- lowered costs of training and travel, especially in relation to the reduced number of processing locations;
- lowered costs in publications printing, through reduction in number and content of reports.

Cost savings from the new mini/micro computer system cannot be estimated at this time and so have been omitted. It is likely, though, that some of these savings will not be realized in reducing budgets but in increasing quality and timeliness.

Converting Direct Costs to Total Costs Including Overhead

After detailed functional costs were summarized into the categories shown in Appendix A, overhead factors appropriate to each processing location were applied to compute total costs. These overhead rates, as well as the average salary and fixed costs, are shown by location in Figure B.

Figure B. -- Average Costs per Staff-Year, and Overhead as a Percent of Direct Staff-Years, Fiscal Year 1986

Location	Costs per Direct Staff-year		Overhead as a Percent of Direct Staff Years
	Salary	Fixed Costs	
National Office	$33,745	$6,020	48.0
Data Center	27,588	4,465	65.7
Service Centers	18,180	4,425	40.0

The overhead is expressed as a percent of direct staff-year cost and includes annual leave, sick leave, administrative leave, holidays, non-project related training, Division and Branch management, and other employee administrative activities that cannot be charged to any specific project. The fixed cost represents rental of office space, lighting, heating, air conditioning, and maintenance of building and equipment. The National Office overhead is determined on the basis of an employee time reporting system. The Data Center overhead is also based on an employee time reporting system, but does not include computer operator time, which is charged at a fixed rate each year. The service center overhead is administratively determined.

Total dollar budget costs for Fiscal Years 1986-1992 have been projected as part of this plan and are shown in Figure C.

In projecting program costs, "fixed" costs were assumed to grow by 5 percent per year. Salary costs are based on the assumption that these costs will rise 3 percent per year beginning January 1, 1987, based on the President's budget for FY 1987. As in previous years, an additional 2 percent per year increase is projected as a result of increases in the average grade level.

Figure C. -- Estimated Total Dollar Cost (in Millions) by Fiscal Year (Includes Overhead and Fixed Support Costs)

	Fiscal Year						
	1986	1987	1988	1989	1990	1991	1992
Total	14.7	15.2	15.3	16.0	16.5	17.1	17.5

Appendix B to this volume contains the critical dates for completion of key functions associated with the major projects in each Statistics of Income subject-matter area.

Reimbursable work (see Figure D) is expected to increase in FY 1986 and FY 1987 and then remain level for the remainder of the planning period. A significant portion of the increase in work for which the Division will be reimbursed is due to the anticipated higher demand from the Small Business Administration for studies linking employment and payroll data to the SOI files of corporate, partnership, and sole proprietorship tax return data to provide data classified by selected industry and size of business receipts, sales, assets, and employment. Plans are also under way to reinstate Selected Financial Data for corporation returns for purposes of providing BEA with a basis for revising the National Income and Product Accounts earlier than the current system allows.

Figure D. -- Reimbursement for Statistical Work, 1985-87

Reimbursable Programs	Fiscal Year 1985 (Actual)	1986	1987
		(Thousands of dollars)	
Total	$978	$1,430	$2,250
Reimbursements received from:			
Other Federal agencies	914	1,165	1,940
State and local governments	29	52	55
Private sector organizations or individuals	33	213	255
Foreign governments	2	-0-	-0-

NOTES AND REFERENCES

[1] Resource issues, planning assumptions, cost estimates, and milestones were included last year in separate Volume II, Proposed Multi-Year Operating Plan, FY 1985-91.

[2] A statement of the mission and organization of the SOI Division is given in the introduction to Chapter 1, Volume I, Proposed Multi-Year Operating Plan, FY 1985-91.

[3] The proposed Tax Reform Act of 1985 contains many provisions which when enacted will generate requests by major users for benchmark data to analyze the effects of the new law.

[4] The recent enactment of the Gramm-Rudman budget legislation represents a radical revision to the Federal budget process. While the impact is uncertain at this time, the automatic-cuts provision of Gramm-Rudman will likely result in dramatic reductions in appropriated funds for all agencies.

[5] The system as currently envisioned is described in an SOI Division systems requirements analysis report entitled, "Statistics of Income Distributed Processing System," issued in August 1984. A detailed narrative on our long-range plans for SOI computer operations was first included in the Multi-Year Plan dated March 1983.

[6] The first departure from 100 percent manual editing occurred with the introduction of the pre-printed edit sheets for the 1974 Individual Program.

[7] Hinkins, Susan M. (1984), "Matrix Sampling and the Effects of Using Hot Deck Imputation," Statistics of Income and Related Administrative Record Research: 1984, Internal Revenue Service, pp. 245-251.

[8] Two compendiums were released in 1985; one covering Partnerships for 1978-1982, and the other covering International Income and Taxes. Subsequent compendiums already planned include personal wealth (1987), sole proprietorships for 1978-1983 (1986), and tax-exempt organizations (1988). A new product release for 1985 is the Partnership Source Book (covering Tax Years 1957-1983) which provides historical data by minor industry, similar to that available for corporations. Current plans are to produce Partnership Source Book data annually. A companion Source Book for Sole Proprietorships is scheduled for release in late 1986.

[9] Comparison studies of Master File data versus SOI data will be made to evaluate other areas of SOI with the expectation that we may be able to use Master File input for SOI studies of 1986 exempt organization and estate tax returns and 1987 foreign corporation information returns. The use of Master File data, while advantageous to SOI, has its drawbacks, particularly in the area of quality which is discussed later in this and the next section.

[10] SOI processing for the Individual Returns Program was accelerated in order to provide early feedback of revenue processing quality to service centers.

[11] This is covered under a multi-task contract, which was awarded to Mathematica Policy Research, Inc., covering evaluation and analysis of imputation procedures and other "missing data" problems.

[12] This is covered under a multi-task contract which was awarded to Cordatum Inc.

[13] The Division sustained a 20 percent drop in appropriated resources in FY 1986 from FY 1985. We anticipate further, albeit gradual reductions during the planning period, although this assumption may be entirely unrealistic given Gramm-Rudman.

[14] OMB Circular A-76 (Rev. 8/9/83) establishes procedures for determination of whether certain activities should be performed by the Government or should be procured from the private sector. The Division is the most active area within IRS regarding the application of A-76, not only to specific statistical operations but also to the complete SOI program.

[15] Activities of the SOI Division in this context include those at the Data Center, the service centers, and all reimbursable work performed by the Division.

Chapter 2

CORPORATION STATISTICS BRANCH*

This chapter presents an overview of the basic corporation and partnership SOI programs as well as the related special studies for which the Branch has responsibility. The initial discussion focuses on the output of the Branch, both the traditional and the new products. Next is a discussion of progress made on strategic initiatives in 1985 and that expected in 1986. A discussion of longer range plans follows, and the chapter concludes with both a narrative and tabular summary of the fiscal year allocation of resources among projects by work location. Details of all the Branch's studies are presented in the next two chapters.

BRANCH PRODUCTS

The traditional outputs of the Branch are: the annual SOI report for corporations (now in its 49th year as a separate report); the annual Corporation Source Book (unpublished detailed industry data available since 1926); and the annual "selected financial data," which are preliminary data for partnerships used (in conjunction with data for sole proprietorships) as "early indicators" to update the National Income and Product Accounts [1].

Two new products were developed and released in 1985. The first, Partnership Returns, 1978-1982, is a compendium of SOI Bulletin articles, unpublished tabulations, detailed sample descriptions and return facsimiles covering the five year period. The second, the Partnership Source Book for 1957-1983, is similar in purpose to the Corporation Source Book in that it provides detailed industry information [2]. Both these products replace the more traditional annual SOI report which was discontinued after 1980. The compendium will be compiled every five years; the next, covering 1983-1987, is scheduled for release in 1989. In regard to the Source Book, annual updates will be made available and the content may be expanded if user demand warrants.

*By Keith Gilmour, Assistant Chief, Corporation Statistics Branch.

PROGRESS IN 1985 ON STRATEGIC INITIATIVES BEGUN IN RECENT YEARS

The past year was one of significant progress in implementing the major initiatives of the Branch begun in the past several years. Below are summaries of what was accomplished in 1985.

Shifts in Processing Locations. -- The phaseout of manual processing at the Data Center is virtually complete. Returns for the 1984 Corporation program were completely statistically processed at the Service Centers. However, the initiative to further restructure the manual processing among the Service Centers has been delayed until the Branch can obtain more measures on the efficiency of operation and quality of personnel devoted to SOI at the various Centers. Returns for the Partnership program have been statistically processed at two Service Centers since the 1981 study.

Changes in Processing Methods. -- After years of consideration, the use of revenue processing data as an integral part of the input to the Corporation SOI program is being introduced for the 1985 study. About 25 percent of the data elements will come directly from the Business Master File (BMF). The traditional edit sheets will be replaced by "registers" on computer printouts containing the BMF data with fields blocked out for the additional edited data. Specifications for the extraction of BMF data have been developed and the "system" will be operational in June 1986.

Another systemic initiative (not new in concept [3], but new in design) involves the imputation of "missing" and "hard to edit" Corporation data (usually reported on the taxpayer's own schedule). Although an imputation process was used in the 1981 and 1982 studies, it was discontinued because of subsequent major program changes. Now, with the introduction of the revenue processing data into the SOI system, a new imputation process has been developed which, while perhaps less ambitious than that for 1981-1982, will be a more effective means of augmenting the microdata.

Computer Hardware Enhancements. -- The long-awaited acquisition of the Division's own mini/micro-computer system received approval on September 30, 1985. Corporation Branch personnel played a major role in the design, development of specifications, and negotiations which brought about what could be the most significant change of operations in the past 20 years. The pilot project for this system is the 1985 Partnership SOI program, but it is expected that eventually all SOI programs will adapt at least a portion of their systems applications to the new hardware.

Another enhancement, which was developed to a further extent in 1985, involved the use of the Division's interactive terminals for making corrections to corporation SOI records. This "interactive correction system" allows National Office analysts to make changes directly to records in the file, verify the changes and produce hardcopy prints, if needed, of the corrected records. The system is especially useful for making adjustments based on the exhaustive Source Book industry data review.

Program Design and Quality of Data. -- For the past several years, the Division has engaged outside contractors for an independent review of program design and quality of data, among other things. Many of these tasks involved the basic corporate and partnership programs. A summary of tasks completed in 1985 is provided below.

1. Research was completed on determining the best data base suitable for development and evaluation of proposed future designs of the corporate SOI sample [4].

2. An analysis was completed on the comparability of BMF and SOI data focusing on the relative quality of administrative data versus statistically edited data [5].

3. An evaluation was completed on whether selected corporate money amounts, now derived through complex manual and automated editing, could be predicted through use of bivariate ratios which have been proven stable across years [6].

4. An evaluation similar to that described in 3. above was completed for partnership money amounts [7].

STRATEGIC INITIATIVES FOR 1986

The focus of this year's initiatives will be on marketing the Branch's products, implementing the integration of BMF data into the corporate program, and coordinating the installation of the Division's own mini/micro computer system.

Marketing. -- As mentioned in Chapter 1, one of the major initiatives of the Division is to expand the market for products derived from the SOI program, be they reports, tape files, special tabulations or other research services. By expanding the market, it is felt that the Division will receive a more commensurate reimbursement for the human and computer resources that have gone into the development of our products.

Experience has told us that the most marketable product of the Branch is detailed industry data on income and assets. Industry detail is the focal point of the annual SOI report and both Source Books, all of which are currently available for sale, but generally at a nominal price.

In order to develop a "new" product having a broader appeal and which would generate more receipts, Branch personnel consulted with a Federal government marketing specialist, the National Technical Information Service (NTIS) of the Department of Commerce. Negotiations are underway with NTIS to (initially) re-package (with Division systems assistance) and market a new product on diskettes using the annual Corporation Source Book minor industry data. The Division and NTIS will share in the receipts from sales of these diskettes.

BMF Integration. -- As mentioned above, the actual integration of BMF data into the Corporate SOI program begins with Tax Year 1985 processing scheduled to commence in June 1986. Testing of the new system is currently ongoing. The data elements that are being taken directly from the BMF transaction tape, as well as the other items being statistically edited, are shown in Volume II of the FY 1986-92 Multi-Year Plan, "Annotated Return Forms and Schedules."

Installation of Mini/Micro Computer System. -- The Division's new computer system, called the "Distributed Processing System," will be installed in two Service Centers (Ogden and Cincinnati) and the National Office during 1986. Some key completion dates are shown below.

Function	Scheduled Completion
Site preparation at --	
National Office	Winter 1986
Ogden	Spring 1986
Cincinnati	Summer 1986
Equipment installation at --	
National Office	Spring 1986
Ogden	Summer 1986
Cincinnati	Summer 1986
Systems acceptability testing at --	
National Office	Spring 1986
Ogden	Summer 1986
Cincinnati	Fall 1986
Production test at --	
Ogden/National Office	Fall 1986

The initial SOI study to be produced on the Distributed Processing System will be the 1985 Partnership program (as described in Chapter 4). Key dates in the scheduling of this "pilot" study are shown in the project milestones presented in Appendix B of this volume.

STRATEGIC INITIATIVES FOR THE FUTURE

The Branch continues to explore and develop ways and means to make our data more useable and timely for our principal customers. In addition, as part of the Servicewide commitment to improving the quality of all aspects of tax administration, the Branch is researching methods for providing feedback from statistical operations that will assist in revenue processing operations. Several of these initiatives are described below.

Corporate Panel Data. -- Although progress in developing a complete corporate panel database has been slow, much research has gone into the uses of a panel which could have some far-reaching applications in the area of tax analysis. One especially intriguing application involves the computation of effective tax rates of individual corporations, or specific industries, through the tracking of liability changes which can only be measured over time (e.g., effects of audit, carryback adjustments, etc.).

Earlier Preliminary Data. -- The Bureau of Economic Analysis has for some time requested that we provide them preliminary corporate data (similar to the "selected financial data" for unincorporated businesses) in May of each year, eight months earlier than now provided. This is particularly difficult because many large returns are not in the sample until after May. One option that may be employed if the funding (by BEA) and staffing are available would be to have multiple closeouts of the file and compare each closeout with its counterpart the previous year to get an estimate of change. This assumes that corporations file their returns and the returns are processed by the Service in the same time frame each year. Controls would have to be developed to assure that this condition is true.

Quality Feedback for Service Center Processing. -- Recent experience has emphasized the need for quality assurance in the Service's revenue processing operations, a need which may be at least partially met through the development of a feedback system as SOI data are being processed. The documentation and measurement of revenue processing errors in keying or editing discovered in SOI could be used to estimate error rates by processing center. Since the Individual SOI system is closely tied to revenue processing, this is the logical starting point for such an effort. Once BMF data are introduced into the corporate SOI program, similar feedback systems will be developed. We are researching how we can move SOI processing much closer in time to revenue processing in the corporate area so that feedback from the SOI work is timely enough for corrective action to take place.

RESOURCES

Figure A which follows summarizes the direct costs for projects in the Corporation Statistics Branch for FY 1986-1992. More detailed costs for each project by Tax Year are shown in table 2 of both Chapters 3 and 4. The focus of our efforts in 1986 and 1987 will be the integration of BMF data in the SOI program, coordination of the installation of the Distributed Processing System and implementation of the "pilot" project, support of the Servicewide quality initiative, and servicing ad-hoc requests by our principal users for data in such areas as tax shelters.

In addition to the anticipated problems outlined by project in Chapters 3 and 4, there exists the likelihood of data requests which could result in major workload increases in the next several years. The most significant of these will be related to whatever eventually becomes law out of the current "tax reform" proposals [8]. These proposals will certainly generate new data requests from Treasury and the Congressional staffs. Other studies likely to be repeated or initiated involve, respectively, the linking of partnership returns with schedules showing the distributive shares of the partners (requested by BEA) and the linking of tax shelter registration forms with partnership returns (of specific interest to administrative and enforcement areas within the Service).

Much of this additional work will not be supported by additions to appropriated funds, nor by reimbursable funds, and will have to be done within existing resources. This means that many smaller scale, non-recurring studies (even some which are reimbursable) may have to be dropped because the Branch does not have the staff to carry them out.

NOTES AND REFERENCES

[1] U.S. Department of Commerce, Bureau of Economic Analysis, "Survey of Current Business" (annual July issue).

[2] Unlike the Corporation Source Book, the Partnership Source Book presents only a limited number of items and has no size classification.

[3] Hinkins, S., "Matrix Sampling and the Effects of Using Hot Deck Imputation," in 1984 Proceedings: American Statistical Association, Section on Survey Research Methods.

[4] Applied Management Sciences, Inc., "Final Report, Task 5," November 1985.

[5] Applied Management Sciences, Inc., "Data Analysis on Selected Money Amounts for the Merged 1982 BMF and SOI Final Data File," October 1985.

[6] Applied Management Sciences, Inc., "Evaluation of Corporation Imputation Procedures," June 1985.

[7] Applied Management Sciences, Inc., "Evaluation of Partnership Imputation Procedures," May 1985.

[8] Currently entitled "Tax Reform Act of 1985" as passed by the House of Representatives on November 17, 1985.

FIGURE A.--CORPORATION AREA PROGRAMS: ESTIMATED STAFF YEARS BY PROJECT AND LOCATION. FISCAL YEARS 1986-1992

PROJECT	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
ALL LOCATIONS																					
CORPORATION AREA. TOTAL[1].	112.5	125.2	111.2	111.9	109.2	109.5	107.8	159.1	174.2	154.6	163.1	157.7	154.7	150.6	226.6	247.2	218.7	230.7	223.7	219.8	213.9
BASIC CORPORATION SOI....	82.2	79.2	79.0	77.6	75.7	75.7	75.7	112.5	108.8	109.0	113.0	110.2	108.1	106.6	160.4	155.3	155.5	161.4	157.8	154.9	152.5
FOREIGN TAX CREDIT TABLES	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.3
SOURCE BOOK REQUESTS.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.1	2.0	2.1	2.0	1.9	1.9	1.9	2.9	2.7	2.9	2.8	2.6	2.6	2.7
BASIC PARTNERSHIP SOI....	15.3	17.7	19.9	21.6	19.9	19.9	19.9	20.8	24.7	26.4	29.2	26.2	25.9	26.1	30.8	35.8	37.0	40.9	36.8	36.4	36.7
EMPLOYMENT LINK STUDIES..	1.4	1.1	0.5	0.4	1.0	1.5	0.7	2.9	2.2	1.0	0.8	1.8	2.8	1.4	4.1	3.0	1.3	1.1	2.6	3.9	2.0
SECRETARY'S PERCENTAGE...	1.1	1.1	1.1	1.1	1.1	1.1	1.1	2.2	2.1	2.3	2.2	2.0	2.0	2.1	3.1	2.9	3.1	3.0	2.8	2.8	2.9
CENSUS-IRS LINK STUDY....	0.9	0.1	0.0	0.6	0.8	0.9	0.1	1.9	0.2	0.1	1.3	1.6	1.7	0.2	2.7	0.3	0.1	1.8	2.2	2.4	0.3
PARTNERSHIP SOURCE BOOK..	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.9	0.9	0.9	0.8	0.8	0.9	0.9	1.2	1.3	1.2	1.2	1.2	1.2
ECONOMIC CENSUS SUPPORT..	2.3	2.3	2.3	0.7	0.7	2.3	2.3	2.7	2.6	2.7	0.8	0.8	2.7	2.7	3.9	3.8	3.9	1.2	1.2	3.8	3.9
TAX ADJUSTMENT STUDY	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1.6	1.5	1.6	1.6	1.4	1.5	1.5	2.2	2.1	2.3	2.1	2.0	2.0	2.1
RESEARCH AND ANALYSIS[2]...	2.5	4.5	4.5	4.5	4.5	4.5	4.5	3.0	5.0	5.1	5.0	4.9	4.9	5.0	3.9	6.3	6.4	6.4	6.3	6.3	6.3
SYSTEMS IMPLEMENTATION[3]..	2.9	15.0						5.2	20.4						7.1	28.4					
NATIONAL OFFICE																					
CORPORATION AREA. TOTAL[1].	32.6	36.4	31.8	33.9	33.1	33.3	31.7	44.2	48.5	43.8	45.9	45.2	45.3	43.6	69.9	69.9	63.4	66.2	65.4	65.4	63.2
BASIC CORPORATION SOI....	14.9	14.9	14.7	14.7	14.7	14.7	14.7	20.7	20.5	21.1	20.5	20.7	20.7	21.0	30.0	29.5	30.5	29.6	29.9	29.9	30.5
FOREIGN TAX CREDIT TABLES	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.3
SOURCE BOOK REQUESTS.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.4	1.4	1.4	1.4	1.4	1.4	1.4	2.0	2.0	2.1	2.0	2.0	2.0	2.1
BASIC PARTNERSHIP SOI....	5.9	8.5	8.8	10.5	8.8	8.8	8.8	7.5	10.7	11.6	13.5	11.4	11.4	11.6	10.8	15.4	16.7	19.4	16.5	16.5	16.8
EMPLOYMENT LINK STUDIES..	1.4	1.1	0.5	0.4	1.0	1.5	0.7	1.9	1.5	0.6	0.6	1.4	2.1	1.1	2.8	2.2	0.9	0.8	2.0	3.0	1.5
SECRETARY'S PERCENTAGE...	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.4	1.4	1.5	1.4	1.4	1.4	1.5	2.1	2.0	2.1	2.0	2.1	2.1	2.1
CENSUS-IRS LINK STUDY....	0.9	0.1	0.0	0.6	0.8	0.9	0.1	1.3	0.1	0.1	0.9	1.2	1.8	0.1	1.9	0.2	0.1	1.2	1.7	1.9	0.2
PARTNERSHIP SOURCE BOOK..	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.9	0.9	0.9	0.9	0.9	0.9
ECONOMIC CENSUS SUPPORT..	2.3	2.3	2.3	0.7	0.7	2.3	2.3	2.7	2.6	2.7	0.8	0.8	2.7	2.7	3.9	3.8	3.9	1.2	1.2	3.8	3.9
TAX ADJUSTMENT STUDY	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.6	1.5	1.6	1.5	1.6	1.6	1.6
RESEARCH AND ANALYSIS[2]...	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0
SYSTEMS IMPLEMENTATION[3]..	1.9	3.8						2.7	5.1						3.9	7.4					

Footnotes at end of table.

FIGURE A.--CORPORATION AREA PROGRAMS: ESTIMATED STAFF YEARS BY PROJECT AND LOCATION. FISCAL YEARS 1986-1992 - CONTINUED

PROJECT	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
DATA CENTER																					
CORPORATION AREA. TOTAL..	12.4	10.9	7.7	7.7	7.7	7.7	7.7	20.2	19.0	14.0	14.8	14.2	14.8	13.5	33.4	31.4	23.2	24.5	23.5	24.6	22.4
BASIC CORPORATION SOI....	8.2	7.7	7.7	7.7	7.7	7.7	7.7	13.9	14.1	14.0	14.8	14.2	14.8	13.5	23.0	23.3	23.2	24.5	23.5	24.6	22.4
FOREIGN TAX CREDIT TABLES																					
SOURCE BOOK REQUESTS.....																					
BASIC PARTNERSHIP SOI....	4.2	3.2						6.2	4.9						10.3	8.1					
EMPLOYMENT LINK STUDIES..	*							0.1							0.1						
SECRETARY'S PERCENTAGE...																					
CENSUS-IRS LINK STUDY....																					
PARTNERSHIP SOURCE BOOK..																					
ECONOMIC CENSUS SUPPORT..																					
TAX ADJUSTMENT STUDY.....																					
RESEARCH AND ANALYSIS....																					
SYSTEMS IMPLEMENTATION...																					
SERVICE CENTERS																					
CORPORATION AREA. TOTAL..	65.4	73.9	67.8	66.3	64.4	64.4	64.4	74.3	84.6	75.4	80.9	81.1	77.9	76.9	104.1	118.4	105.6	113.3	113.5	109.0	107.7
BASIC CORPORATION SOI....	59.1	56.6	56.6	55.1	53.3	53.3	53.3	67.5	65.1	63.6	68.4	68.3	65.4	64.5	94.6	91.1	89.0	95.7	95.6	91.6	90.3
FOREIGN TAX CREDIT TABLES																					
SOURCE BOOK REQUESTS.....																					
BASIC PARTNERSHIP SOI....	5.2	6.0	11.1	11.1	11.1	11.1	11.1	5.6	6.5	11.8	12.4	12.6	12.3	12.2	7.8	9.0	16.5	17.4	17.7	17.3	17.1
EMPLOYMENT LINK STUDIES..	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
SECRETARY'S PERCENTAGE...																					
CENSUS-IRS LINK STUDY....				*							*							*			
PARTNERSHIP SOURCE BOOK..																					
ECONOMIC CENSUS SUPPORT..																					
TAX ADJUSTMENT STUDY.....																					
RESEARCH AND ANALYSIS ...																					
SYSTEMS IMPLEMENTATION 1.	1.0	11.2						1.1	12.9						1.6	18.1					

Footnote at end of table.

FIGURE A.--CORPORATION AREA PROGRAMS: ESTIMATED STAFF YEARS BY PROJECT AND LOCATION. FISCAL YEARS 1986-1992 - CONTINUED

PROJECT	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
								OUTSIDE CONTRACTOR													
CORPORATION AREA. TOTAL..	2.0	4.0	4.0	4.0	4.0	4.0	4.0	20.4	22.2	21.4	21.5	17.2	16.7	16.6	25.2	27.5	26.5	26.7	21.3	20.7	20.5
BASIC CORPORATION SOI....								10.3	9.1	10.3	9.3	7.0	7.1	7.5	12.8	11.3	12.8	11.6	8.7	8.8	9.3
FOREIGN TAX CREDIT TABLES SOURCE BOOK REQUESTS.....								0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.9	0.8	0.9	0.8	0.6	0.6	0.6
BASIC PARTNERSHIP SOI....								1.5	2.6	3.1	3.3	2.1	2.1	2.3	1.9	3.2	3.8	4.1	2.6	2.6	2.8
EMPLOYMENT LINK STUDIES..								1.0	0.7	0.3	0.3	0.5	0.7	0.4	1.2	0.8	0.4	0.3	0.6	0.9	0.5
SECRETARY'S PERCENTAGE...								0.7	0.6	0.7	0.6	0.5	0.5	0.5	0.9	0.8	0.9	0.8	0.6	0.6	0.6
CENSUS-IRS LINK STUDY....								0.6	0.1	*	0.4	0.4	0.4	*	0.8	0.1	*	0.5	0.5	0.6	0.1
PARTNERSHIP SOURCE BOOK..								0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.3	0.3	0.4	0.3	0.3	0.3	0.3
ECONOMIC CENSUS SUPPORT..																					
TAX ADJUSTMENT STUDY								0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.7	0.6	0.7	0.6	0.5	0.5	0.5
RESEARCH AND ANALYSIS[2]...	2.0	4.0	4.0	4.0	4.0	4.0	4.0	2.3	4.3	4.4	4.3	4.2	4.2	4.3	2.9	5.3	5.4	5.4	5.3	5.3	5.3
SYSTEMS IMPLEMENTATION[3]..								1.3	2.3						1.7	2.9					

[1]Includes resources allocated to Treasury special studies, basic research, OMB Circular A-76 study and other smaller scale studies which are not detailed below.

[2]Includes resources for research into imputation and other statistical methods.

[3]Staff time in support of acquisition and implementation of the SOI Distributed Processing System. Hardware costs are addressed in Chapter 1.

Chapter 3

BASIC CORPORATION STUDIES*

This chapter provides information on the annual Statistics of Income (SOI) studies prepared from corporation income tax returns. The basic corporation program is conducted primarily for the Office of Tax Analysis, but it also provides data to the Joint Committee on Taxation for tax estimation purposes and benchmarks for updating the Bureau of Economic Analysis' National Income and Product Accounts.

SIGNIFICANT CHANGES FROM THE PREVIOUS OPERATING PLAN

Consistency test error resolution for Tax Year 1984 did not take place in May as planned but was delayed until September as a result of delays and problems in implementing the Distributed Input System.

The implementation of the mini/micro system (Distributed Processing System) will not begin in Tax Year 1986 but will be delayed until Tax Year 1987.

The redesign of the corporate sample, a project undertaken by Applied Management Sciences, Inc., was not completed although several valuable products were produced [1,2]. We decided not to let another contract for the remaining work but will continue the sample design review in-house.

PUBLICATIONS AND TAPE FILES

The following reports are produced for corporations as part of the SOI program:

1. Basic Complete Report.--This annual report presents detailed income statement and balance sheet data derived from a sample of corporate returns in the Form 1120 series, covering domestic corporations filing Forms 1120; foreign corporations with U.S. operations filing Forms 1120F; life insurance companies filing Forms 1120L; mutual insurance companies filing Forms 1120M; S corporations filing Forms 1120S; Interest Charge Domestic International Sales Corporations filing Forms 1120-IC-DISC and Foreign Sales Corporations filing Forms 1120-FSC.

2. Source Book.-- This annual set of tabulations presents detailed financial data for corporations classified by size of total assets and by 185 minor industries. Reproductions of the Source Book (hard copy, microfilm, or magnetic tape) are available for sale to the public. We are also in the process of contracting with National Technical Information Service to produce and market the Source Book on floppy disks.

3. Other Professional Products.--In addition to our annual reports, preliminary selected data and articles of particular interest to the public are published in the SOI Bulletin.

*By Karen Cys, Chief, Corporation Returns Analysis Section.

PROCEDURES AND METHODS

Our approach to program changes since Tax Year 1981 has been to keep the programs relatively the same for two consecutive years. This approach has enabled us to make the most of our limited resources and to concentrate our efforts on major program design improvements. Thus, major changes were undertaken for the Tax Year 1983 program and are presently being designed for Tax Year 1985.

1983 Program. -- Many of the changes initiated in Tax Year 1981 and Tax Year 1982 were continued in Tax Year 1983. These included the use of an industry code library system and the preparation of a Documentation Guide for reading the tape files, both of which were first implemented in Tax Year 1981. In addition, the change in processing locations which began in Tax Year 1982 remained virtually the same for Tax Year 1983. For 1982, five centers (Ogden, Fresno, Atlanta, Cincinnati, and Kansas City) processed all the Form 1120 returns filed in their centers. Andover, Austin, and Brookhaven Centers processed only their giant Form 1120 returns [3]. Cincinnati processed the giant Form 1120 returns filed in Memphis. Philadelphia processed all possession tax credit returns and giant Form 1120 returns filed in their service center. All remaining Form 1120 returns and all Forms 1120L, 1120M, 1120S, 1120F, and 1120-DISC were processed at the Data Center. The only change in 1983 was that nongiant returns filed in Memphis Service Center were processed at Cincinnati instead of at the Data Center.

Beginning with Tax Year 1983, consistency test error resolution was performed for the first time at the service centers as well as at the Data Center. The Data Center shipped the error registers to the service centers where two cycles of corrections were performed with the tax returns present. After the two correction cycles, the returns were released and any records still in error were corrected at the Data Center without the returns present. Microfilm of the giant Form 1120 returns were, however, available at the Data Center for use during error resolution.

Another major change for 1983 was the redesign of the edit sheet--new data field numbers sequenced in order of the tax return. Although this change meant that all our specifications, instruction manuals, and computer programs had to be updated, we felt that the new numbering system, using multiples of 5, would allow greater flexibility for adding or deleting fields.

Another change that had a major impact on processing returns in the National Office (N.O.) was the interactive correction system designed by the Data Center. After closeout in the service centers, all errors found during N.O. Source Book review are now corrected and the revised entries are input directly into computer terminals by analysts. The revised data are subjected to the consistency tests and any other errors generated can be corrected online. In previous years, we either sent the corrected registers to the Data Center for keypunching and consistency test processing or keypunched the corrections here and sent the cards via the terminal to the Data Center for consistency test processing. By eliminating several intermediate processing steps, this new interactive system has not only speeded up processing but also reduced errors.

We also designed a new table to be used during Source Book review which helps identify possible errors in the largest returns in each minor industry. For each of 40 selected data items for Tax Years 1983 and 1982, the table shows amounts and differences for each giant return and also shows the standard deviation for the top 20 returns in the industry and the standard deviation for the particular giant return. By comparing the company and industry standard deviations for both years, we think we will be able to detect errors more readily and with greater accuracy.

1984 Program. -- Beginning with Tax Year 1984, all manual processing (editing, transcription, and error resolution) is being performed at the service centers. The returns previously processed at the Data Center were divided among 3 of the 9 processing service centers as follows: Philadelphia processes all the Forms 1120F; Cincinnati processes the Forms 1120 nongiants filed at Andover, Brookhaven, and Philadelphia and all the Forms 1120-DISC, IC-DISC, and FSC (starting with Tax Year 1984, responsibility for the DISC and FSC programs was shifted to the Foreign Statistics Branch); and Ogden processes the Forms 1120 nongiants filed at Austin and all the Forms 1120S, 1120L, and 1120M. Unlike 1983 when the service centers only performed two error correction cycles on returns, they now continue to correct the data until the record is error free or accepted.

The manual processing shift from the Data Center to the service centers also meant some changes in our procedures for submitting corrections initiated by National Office personnel and for completing error resolution processing. Prior to Tax Year 1984, all National Office corrections were either keyed here and transmitted to the Data Center for consistency test processing or the corrected registers were sent to the Data Center to be keyed and tested. For Tax Year 1984, we will be using the interactive correction system to input these changes and rerun the records through the consistency test program on-line. This system will be ready in March 1986, seven months earlier than last year. The choice of a location for error resolution closeout presents a more difficult problem. In earlier years, records still in error after editing closeout in July were corrected by the more than 40 editors at the Data Center. For 1984, the National Office, with its interactive correction system, is the only location that has both the consistency test and transcription programs. The only thing lacking is resources. We now plan to detail service center editors to the National Office to help us with closeout. However, if the number of error records remaining at closeout is sufficiently large, another alternative is to closeout the program at one of the service centers and download the consistency test program to the service center computers.

For 1984, there were no major system processing changes designed since it was planned as a "rollover year." This meant that much of our resources could be spent on improvements to the manual processing instructions. More time was spent researching tax returns to resolve problem areas. We revised the editing instructions to make them more understandable to the editors by including examples of completed tax returns. We spent more time perfecting the consistency test specifications so that there would be a greater probability that only returns with errors would fail the tests. We also visited some of the service centers to review the editing and error resolution processing and talk to the editors about problems they are having with our instructions.

1985 Program. -- For 1985, we will be using Business Master File (BMF) data for SOI processing. About 55 BMF money amounts and 15 code items will be pre-printed onto edit registers and subjected to limited consistency tests [4]. Edit sheets will be eliminated as the initial source of SOI data. The BMF data will be reviewed and changed if they are not consistent with our SOI editing procedures. However, with the income and deduction and cost of goods items, we will edit only a subsample of the returns and impute the rest based on the SOI edited data. This is similar to the process performed in 1981 and 1982 SOI except that the BMF pre-printed data replaces line item editing and balance sheet data will not be subjected to the imputation process because too few items are available on the BMF file.

Other systems changes being designed by the Data Center will allow the service centers to access the Data Center Control File. This file, which includes the critical case returns, can be updated by the statisticians by dialing up the Data Center's UNIVAC system.

Changes are also being planned for our SOI procedures for the Distributed Input System which will make them more compatible to the procedures performed during revenue processing. This change should eliminate some of the problems associated with the 1984 program [5].

RESEARCH ACTIVITIES

Mathematica Policy Research, under contract to SOI, is currently working on designing the "other schedule" imputation program that will be used in our 1985 program.

Beginning in 1987, we plan to implement the Distributed Processing System (DPS) for the corporation program. Although this represents a delay of one year, we can take advantage of the 1986 rollover program to begin development of the mini/micro system.

SOI will participate in the test of the Files Archival Image Storage and Retrieval (FAISR) system which is scheduled at Fresno Service Center in the Spring of 1986. Although FAISR is still in the development stage, the plan is to image every page of every corporation return onto laser disks and index them by Document Locator Number. These images will be used to process returns throughout the service center. For SOI, edit sheets or error registers could be imaged also. If implemented on a nationwide scale, the advantages to SOI are numerous--the elimination of missing or lost returns and the availability of tax return data to both the service centers and National Office personnel via the DPS system.

RESOURCES

Bureau of Economic Analysis has requested additional money ($750,000) in its budget to fund an increase in the SOI corporate sample and to develop a system which would provide preliminary corporate data in May of each year. If the funds are available, we will explore the possibility of having multiple processing closeouts.

Table 1 shows the plans for the corporate program regarding sample sizes, codes and items, and tabulations, for Tax Years 1983 through 1992. Table 2 shows the planned corporate program costs for each tax year, by fiscal year. The allocation of resources is based on the following assumptions:

- The service centers will manually process all tax returns beginning with Tax Year 1984.
- Beginning in Tax Year 1985, BMF data will be pre-printed onto edit registers for use during SOI processing. Selected data items for some returns will be imputed rather than manually edited.
- Tax Year 1986 will be a rollover of the Tax Year 1985 program.
- Beginning in Tax Year 1987, returns will be processed on the mini/micro system at the service centers.

ANTICIPATED PROBLEMS

A situation that we did not anticipate a year ago was the computer problems encountered at the service centers during revenue processing. This has had a major negative impact on both our 1983 and 1984 programs. The backlog of unprocessed returns contributed to delays in closing out our 1983 program and in starting up our 1984 program, as SOI editors were detailed to revenue processing functions. The number of lost and missing returns has increased sharply in 1983 SOI.

NOTES AND REFERENCES

[1] Jones, H. and McMahon, P., "Sampling Corporation Income Tax Returns for Statistics of Income, 1951 to Present," in 1984 Proceedings American Statistical Association, Section on Survey Research Methods and Statistics of Income Related Administrative Record Research: 1984.

[2] Clickner, R., Galfond, G., and Thibodeau, L., "Evaluation of the IRS Corporate SOI Sample," in 1984 Proceedings: American Statistical Association, Section on Survey Research Methods and Statistics of Income and Related Administrative Record Research: 1984.

[3] Giant Form 1120 returns are returns with total assets of $250,000,000 or more.

[4] Volume II - Annotated Return Forms and Schedules, Proposed Multi-Year Operating Plan, FY 1986-92.

[5] To key in error register corrections for Tax Year 1984, the DIS operators had to enter the batch number, edit sheet number and action code before entering up to a maximum of four correction entries. This procedure meant that either the DIS operators had to count the corrections as they entered them or the SOI editors had to indicate each fourth correction on the error registers before releasing to DIS.

TABLE 1. -- CORPORATION INCOME TAX RETURNS, FORMS 1120, 1120A, 1120F, 1120L, 1120M, 1120S, 1120-DISC/IC-DISC and 1120-FSC

Part I. -- Number of Returns (In Thousands)

	TAX YEAR									
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Population, total	3132.8	3339.8	3486.8	3636.5	3801.1	3977.9	4170.4	4370.5	4573.5	4778.1
Form:										
1120	2449.6	2170.8	2262.6	2356.6	2457.5	2566.1	2685.8	2809.6	2933.1	3055.1
1120A	-	383.8	400.0	416.6	434.8	454.1	496.6	496.6	518.4	540.0
1120F	14.0	15.3	16.7	18.1	19.5	20.9	22.3	23.6	24.9	26.2
1120L	2.1	2.2	2.3	2.4	2.5	2.5	2.6	2.6	2.7	2.7
1120M	1.5	1.6	1.7	1.7	1.8	1.9	1.9	1.9	2.0	2.0
1120S	653.6	753.7	789.8	826.7	869.9	916.6	966.3	1018.8	1074.3	1133.3
1120-DISC/1120-IC-DISC	12.0	5.6	5.9	6.2	6.5	6.8	7.2	7.5	7.8	8.1
1120 FSC	-	6.8	7.2	7.6	8.0	8.4	8.8	9.2	9.6	10.0
Sample, transaction tape	217.7	233.0	244.5	256.0	267.5	279.0	290.5	302.0	313.5	325.0
Subsample	92.8	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0	90.0

Part II. -- Codes and Items

Number of codes and items[1]	435	476	553	553	553	553	553	553	553	553
Transaction Tape:										
SOI Codes and Items Used	7	7	72	72	72	72	72	72	72	72

Part III. -- Tables for Publication

SOI Quarterly Bulletin	Tables will be produced as needed									
Source Book:										
Main tables	3	3	3	3	3	3	3	3	3	3
Analytical	3	3	3	3	3	3	3	3	3	3
Complete Report:										
Figures	5	5	5	5	5	5	5	5	5	5
Main tables	17	17	17	17	17	17	17	17	17	17

[1]Excludes codes and items from Forms 1120-DISC/IC-DISC and 1120-FSC.

TABLE 2.--BASIC CORPORATION PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART I - BASIC CORPORATION SOI PROGRAM																					
TOTAL	82.2	79.2	79.0	77.6	75.7	75.7	75.7	112.5	108.8	109.0	113.0	110.2	108.1	106.6	160.4	155.3	155.5	161.4	157.8	154.9	152.5
1983 TAX YEAR	5.4							10.7							15.4						
1984 TAX YEAR	58.3	4.3						68.6	8.5						97.7	11.9					
1985 TAX YEAR	22.8	51.4	4.1					31.9	67.2	8.7					45.4	96.2	12.2				
1986 TAX YEAR	0.6	22.8	51.4	4.1				1.3	31.8	66.8	8.4				1.8	45.4	95.7	11.7			
1987 TAX YEAR		0.6	22.8	51.4	4.1				1.3	32.0	71.6	7.8				1.8	45.8	102.4	11.0		
1988 TAX YEAR			0.6	21.3	49.6	4.1				1.4	31.8	69.7	7.8				1.9	45.5	99.9	11.1	
1989 TAX YEAR				0.6	21.3	49.6	4.1				1.3	31.5	68.0	8.0				1.8	45.2	97.6	11.2
1990 TAX YEAR					0.6	21.3	49.6					1.2	31.0	66.8					1.7	44.5	95.7
1991 TAX YEAR						0.6	21.3						1.2	30.6						1.7	43.9
1992 TAX YEAR							0.6							1.2							1.7
PART II - FOREIGN TAX CREDIT TABLES PROGRAM																					
TOTAL	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.3
1983 TAX YEAR	0.1							0.1							0.2						
1984 TAX YEAR		0.1							0.2							0.2					
1985 TAX YEAR			0.1							0.2							0.3				
1986 TAX YEAR				0.1							0.2							0.2			
1987 TAX YEAR					0.1							0.2							0.2		
1988 TAX YEAR						0.1							0.2							0.2	
1989 TAX YEAR							0.1							0.2							0.3
PART III - SOURCE BOOK REQUESTS PROGRAM																					
TOTAL	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.1	2.0	2.1	2.0	1.9	1.9	1.9	2.9	2.7	2.9	2.8	2.6	2.6	2.7
1983 TAX YEAR	1.0	1.0	1.0					2.1	2.0	2.1					2.9	2.7	2.9				
1989 TAX YEAR				1.0	1.0	1.0	1.0				2.0	1.9	1.9	1.9				2.8	2.6	2.6	2.7

Chapter 4

OTHER CORPORATION BRANCH STUDIES*

This chapter provides information on current and future studies on partnership returns, tax shelter studies, employment and payroll tax return link studies, the Secretary's Percentage studies, the Geo-coding studies, and studies of industry coding and establishment reporting. For each subject, a brief description of the project's current status and future plans are provided. Information about sample sizes and numbers of codes and items are shown in Table 1, and the level of required resources for the planning period is presented in Table 2.

SIGNIFICANT CHANGES FROM THE PREVIOUS OPERATING PLAN

While much of what was discussed in last year's plan still reflects current thinking on studies in these areas, there have been some changes from a year ago which will be briefly noted here. First, the Partnership "Special" Schedule K/K-1 study for Tax Year 1983 will not be repeated for Tax Year 1984, but will became an annual part of the Partnership program content beginning with Tax Year 1985. Second, further linking of the matched Partnership Schedule K/K-1 file to Master File records, as well as analysis of Tax Shelter Registrations, which were both previously planned are being delayed due to a lack of resources. Third, the Tax Year 1982 Employment Link Studies are once again operational after the approval of a contract for continued funding by the Small Business Administration. Finally, additional work on Geo-code studies is in jeopardy for reasons that are described later in this Chapter.

PARTNERSHIP STUDIES

The SOI Division conducts annual studies of partnership returns, although the products of these studies have changed considerably. As recent as the Tax Year 1980 SOI Partnership study, the primary products were an annual complete report plus tables of selected financial data which were available only to a limited group of users. Beginning with the Tax Year 1981 study, the complete report was dropped (as an economy move) and was replaced by the provision of annual articles in the SOI Bulletin. Tables of selected financial data continue to be produced. In 1985, two other products were initiated, a compendium on partnership returns and a partnership source book. The four partnership products are described below.

1. Selected Financial Data. -- A tabulation of selected partnership data is released annually in May to the Bureau of Economic Analysis (BEA). This tabulation is based on a sample of partnership returns filed in a given calendar year. The table contains selected income, deduction, and asset items classified by industry and is used by BEA to update the National Income and Product Accounts. Copies are also provided to the Office of Tax Analysis (OTA) and the Joint Committee on Taxation (JCT).

2. SOI Bulletin Articles. -- Selected partnership tabulations and analyses are published annually in the SOI Bulletin [1, 2, 3]. These articles not only contain partnership financial data classified by industry but also examine current trends in the data, such as the increased usage of partnerships as tax shelters.

*By Thomas B. Petska, Chief, Corporation Special Projects Section.

3. Partnership Compendium. -- This publication was completed in September 1985 and includes tables and analysis previously published on partnerships in the SOI Bulletin (for Tax Years 1978-82) and complete reports (for Tax Years 1978-80) [4]. The publication also provides additional tabular material plus sections analyzing trends in the data and changes in the methodology. Similar publications are planned at five year intervals to coincide with the quinquennial Economic Censuses.

4. Source Book. -- This report, like that for corporate returns, contains selected financial information by minor industry [5]. The item content, however, is considerably less than that for corporations but may be expanded in response to user needs. Copies on magnetic tape have also been produced. The first edition of this report is historical in nature and provides data on SOI Years 1957-1983 based on previously published data from SOI reports. Updates will be produced annually on a reimbursable basis.

Methodology. -- Two processing changes initiated in the 1981 partnership program were continued in the 1984 program. These include the utilization of Business Master File (BMF) data in place of data manually edited for the SOI program, and the use of an industry code library system [6]. One procedural change that was made to the 1983 system was also carried forward to the 1984 study. In this procedure, the BMF data are printed directly onto a computer-generated edit register. Data are abstracted directly onto this register to help alleviate a prior problem in which BMF data were present but returns were not located. This procedure allows us to begin searching for missing data at an earlier stage.

Previously, we were planning to process the 1985 program exclusively on a minicomputer system. However, delays in the acquisition of hardware for this system have necessitated that we process the 1985 study on a mainframe computer. The 1985 program will be processed in essentially the same manner as the 1984 study. However, we plan to carry out a pilot study using the minicomputer and 1985 returns.

The major change in program content for 1983 that was previously mentioned was for a special study of Partnership Schedules K and K-1 that was requested, and partially funded, by the Bureau of Economic Analysis (BEA). These schedules denote the allocation of partnership shares to each partner. A Schedule K-1 is provided for each partner and a Schedule K aggregates this information for more than 10 partners. BEA requested that we include selected codes and items from the first 50 Schedules K-1 provided, plus information provided on the Schedule K for partnerships with more than 50 partners. Since this was authorized after the 1983 study had begun, it was carried out as a supplemental study. The program items from selected Schedules K and K-1 from each of the SOI Partnership returns were processed independently of the basic partnership effort. After completion of processing of both the Partnership (Form 1065) and Schedule K/K-1 files, the two were matched to build a composite record [7]. This file is currently being analyzed to ascertain the characteristics of partnership distribution reporting.

A final enhancement in the partnership program is the continued development of in-house capability to produce special tabulations and analyses. Considerable emphasis has been placed on training in available computer software packages so that tabulations and listings can be efficiently produced. This capability may be particularly important in our work analyzing tax shelter activities (as is described in the next section).

Anticipated Problems. -- The major problem that we foresee for the 1985 program is the development of a partnership minicomputer processing system. Delays in the acquisition of minicomputer hardware have been a serious problem. In addition to hardware, computer software will have to be designed for use in the new system. For example, we are planning a system that combines data abstraction, entry, testing, and problem resolution. Since this is a substantial departure from current procedures, much design work is needed. For the 1985 study, regular (mainframe) processing will continue, and the minicomputer system will be tested by independent processing of the same partnership returns and comparing the results.

Resources. -- We have assumed the continuation of mainframe processing plus "breaking in" the minicomputer system for the 1985 program. Beginning with the 1986 program, all processing will be done on the minicomputer system. The allocation of resources for the partnership program is based on the following additional assumptions:

- The basic SOI partnership program will continue to be carried out on an annual basis for BEA with supplementary additions to the program for OTA and JCT. For Tax Year 1985, BEA will provide funds for approximately 50 percent of the project with OTA funding the balance.

- Program content for the basic Partnership study will show a modest increase beginning for Tax Year 1985 in response to comments from users but will remain relatively constant throughout the planning period (with the exception of tax law changes). The Schedule K/K-1 study will not be repeated for Tax Year 1984, but will be repeated annually for the rest of the planning period beginning with Tax Year 1985.

- Data from the revenue processing system will be substituted, whenever possible, for data that are abstracted specifically for SOI.

- Sample sizes will remain relatively constant throughout the planning period.

- All editing and error resolution will initially be performed at two service centers but may be moved to only one center after the minicomputer system is fully operational [8].

- Systems and table programs will be rolled over from year to year to the extent possible (although a major adaptation will be needed for the minicomputer).

- Tables will be produced in the SOI Division, to the extent possible, using the Generalized Tabulation System or other available software packages.

Quality Assurance. -- The emphasis of quality assurance (QA) has increased from only the editing phase to additionally include consistency testing and error resolution phases [9]. The dual purposes of quality assurance are to measure and detect systematic problems both during and after file processing. For the former, timely feedback is of primary importance so that if processing problems are encountered, quick action can be taken to remedy the situation. However, this approach has sometimes not worked out; and, as a result, quality assurance often became quality measurement, ex post.

Our efforts to improve the quality assurance program are twofold. First, better coordination is being carried out with the processing centers to insure the timely delivery of the quality assurance sample. While timeliness has improved, further improvement in this area is definitely needed. Second, better communications with our users are planned to improve their understanding of the impacts of file processing. In this regard, we have begun to reorient QA documentation to better acquaint users with findings of our investigations. We plan to provide QA reports that are "user-oriented" so that we may better disseminate some of our findings concerning qualitative aspects of the data. In the initial report of this type, based on analysis of the Tax Year 1984 file, we plan to describe the effects of statistical processing on a limited number of program items.

TAX SHELTERS

Partnerships have historically been of primary interest to BEA in computing the unincorporated business income component in the National Income and Product Accounts. However, in recent years, partnerships have become the primary vehicle for tax shelters. Typically, this is accomplished by the establishment of partnerships with many limited partners. Large business enterprises previously avoided the formation of partnerships in favor of corporate structure due to the absence of personal liability in the latter. With the use of limited partnerships, this benefit has essentially been extended to non-corporate entities. The sheltering of income from taxation is accomplished by deferring the realization of income for tax purposes, by converting income into types which receive favored tax treatment, and by using borrowed funds to increase the amount of investment which can be depreciated while at the same time obtaining a deduction for the interest expense.

Our work on tax shelters uses four separate approaches. These are described below.

1. Analysis of the SOI Partnership File. -- Most of our ongoing work on tax shelters has centered around analysis of the basic annual partnership files. Some of this has been described in publications such as the SOI Bulletin articles on the 1981 - 1983 data [1, 2, 3]. Other work of this type has been conducted by the Joint Committee on Taxation (JCT) and Treasury's Office of Tax Analysis (OTA). In particular, OTA has made extensive use of the partnership files for their analysis of shelter activity that was incorporated into the 1984 Treasury proposal for tax reform [10]. Our enhanced computer capabilities have significantly increased our ability to respond to special requests of this sort.

2. Census-IRS Link Study (CIRSL). -- As part of the Economic Census conducted every five years by the Bureau of the Census, IRS provides Census with an extract of the Business Master File (BMF) containing data for all partnership and corporation returns processed by IRS during one year. Data were provided to the Census Bureau in 1983 for their Tax Year 1982 study. The SOI Division, in turn, obtains these data from Census for further research applications. These data consist of the names and Taxpayer Identifying Numbers (TINs) of the first ten partners or shareholders listed on partnership or small business corporation returns. The 1983 BMF transaction tape records identifying the individual owners of partnerships and small business corporations were matched to the processing year 1983 Individual Master File (IMF) transaction tapes to obtain data from the individual tax returns of the owners. The identifying information from the partnerships and small business corporations has been matched to the Tax Year 1982 Partnership and Corporation SOI files to obtain the financial data from the business entities. The business record data were then merged with the IMF data.

   With this composite file, information about owners and their businesses is now being tabulated to show the financial characteristics and distribution of owners of partnerships and small business corporations, and the relationship between the income or loss shown on the owners' returns with the income or loss of the potential tax shelter.

3. IRS Administrative Efforts. -- Beginning in September 1984, organizers of new tax shelters are required to file a Form 8264, Application for Registration of a Tax Shelter. While this program adds to our capabilities of tax shelter analysis since we are tentatively planning to match this file to an SOI or BMF Partnership file in order to identify tax shelter activity represented in these data, it has two serious drawbacks. First, the program is limited to only new offerings for sale of tax shelters and does not require those existing prior to September 1984 to file. Second, the original regulation for filing was too broad-based and required many relatively new partnerships to file because they have large deductions despite not being tax shelters. Regulations were revised, but these non-shelter partnerships were not purged from the file.

   Despite these limitations, we would still like to analyze this file, as resources allow, and to match it to either the SOI partnership file or the BMF. While the latter would be preferred since all types of tax shelter entities would be included, the different BMF record formats would require considerable program modifications.

4. Use of the SOI Schedule K/K-1 File. -- Because we included the Taxpayer Identification Numbers from the Schedule K-1 partners in the special Tax Year 1983 K/K-1 study requested by BEA, we are tentatively planning to match these records to the Master File records of each of the first 50 partners. The resulting file will be similar to the 1982 CIRSL file except that it will have more partners and will include partners who are not individuals. In addition, this file would also have information from Schedules K and K-1 that is not available in the CIRSL file.

Resources. -- Because the potential need for data and analysis on tax shelter activities is somewhat open-ended, our planned resource use is tentative [11]. However, at the present time we anticipate the following:

- The 1982 CIRSL study will involve both file matching plus table production.
- The CIRSL study will be repeated for Tax Year 1987.
- The Form 8264 file may be tabulated independently (and possibly matched to the BMF) and analytical tables would be produced. However, due to shortages of staff, a definite commitment cannot be made for this work at the present time.
- The Schedule K/K-1 file may be matched to the SOI Partnership file and to the IMF and BMF. Tables would be generated from the matched files. Again, however, staff shortages necessitate putting this work as a secondary priority for the present time.
- Computer programming for the selection of Master File extracts will be done by the IRS Computer Services Division. Other programming for the linking of files will be done by SOI Division personnel or by private contractors.
- All table programming will be done by SOI Division personnel.

Anticipated Problems. -- The major problem in carrying out these studies is the potential shortage of staff due to the partnership minicomputer transition. Since major elements of the partnership system will have to be redesigned and reprogrammed, unforeseen problems in the transition phase would significantly drain resources from the tax shelter studies.

EMPLOYMENT TAX RETURN LINKAGE STUDIES

The SOI Division has recently completed a series of studies that add employment and payroll data to the SOI files of partnerships, corporations, and sole proprietorships for Tax Year 1979 [12]. Tabulations of financial data have been produced from these returns classified by selected industry and size of business receipts, sales, assets, and employment [13]. Employment and payroll were taken from tape extracts of data from Form 941, Employer's Quarterly Federal Tax Return, and Form 943, Employer's Annual Tax Return for Agricultural Employees, that IRS regularly provides to the Census Bureau for its use in preparing County Business Patterns [14]. For all three match studies, the Employer Identification Number (EIN) is used to match the business income tax returns to the employment tax returns.

Work on the three Tax Year 1979 studies is now complete. An article on the 1979 Partnership Employment Link study appeared in the Spring 1984 SOI Bulletin [15]. The 1979 Sole Proprietorship and Corporation Link studies were both completed in the summer of 1985. Tabulations from all files have been provided to the Small Business Administration.

All three 1982 studies are now underway with continued financial support from SBA. Despite the extensive delays encountered in the 1979 studies, we believe that all three of the 1982 studies could be completed by early FY 87 due to the experience gained from the 1979 studies. The status of each of the 1982 studies is briefly described below.

1. Partnership Employment Link Study. -- The Tax Year 1982 Partnership file (Form 1065) is being matched to the Census files of Forms 941/943 data for calendar years 1981, 1982, and 1983. The output from these matches will be a composite record containing the SOI Form 1065 record appended with Forms 941/943 data for all three calendar years. The matched records will be further processed by computing fiscal year totals of the Forms 941/943 data based on the accounting periods of the SOI returns.

   Tabulations will be produced containing income and expense data classified by selected industry and size of business receipts, assets, and employment and balance sheet data classified by employment. The data will be weighted using the original SOI weight assigned to the partnership returns with adjustment for "false nonmatches" as needed.

   For the Tax Year 1982 and future link studies, we intend to improve the general processing with two enhancements [16]. A pilot study is planned in which the comparability of SOI partnership sample file EINs and BMF EINs is quantified. Additionally, on a pilot basis we are drawing an extract of Forms 941/943 data from the Business Returns Transaction File (BRTF). If this pilot is successful, it may be possible to begin future studies earlier by not having to wait for Census perfection of the data.

2. Corporation Employment Link Study. -- In the corporate area, a factor which complicates the linking of the files is the noncomparability of the reporting units for the income tax returns and the employment tax returns. This is because it is possible for an income tax return to be filed for a consolidated group, and separate employment tax returns to be filed for each member, or a combination of members, of the group. In order to match records for the same reporting unit, it is necessary to explore these relationships. To do this, we once again transcribed the EINs of all parents and subsidiaries reported on Form 851, Affiliations Schedule, that were filed with consolidated returns in the 1982 SOI sample of Form 1120, U. S. Corporation Income Tax Return.

   The first step is to match records between the Form 851 file and the Form 1120 SOI file. The Form 851 data will then be matched to the Form 941/943 file for Calendar Years 1981, 1982 and 1983. This will enable us to determine the extent of employment tax return filings by both the parent and the subsidiary corporations. A match between the Form 941/943 file and the SOI Form 1120 file will be performed as a final step in linking the employment data with the corporation tax return data. At this point, the employment and payroll for the subsidiary and parent corporations will be aggregated to represent the same reporting unit as the SOI corporation return.

3. Sole Proprietorship Employment Link Study. -- The SOI sample file of Tax Year 1982 sole proprietorships including data from Schedules C, Profit or Loss from Business or Profession; Schedules F, Farm Income and Expenses; and Form 4835, Farm Rental Income and Expenses, will be matched by EIN to the population file of 1981-1983 Forms 941/943 perfected by the Census Bureau. While it is, in fact, possible for a single employment tax return to exist legitimately for several sole proprietorship returns filed with the same EIN by one individual,

such occurrences will be investigated to ascertain the extent of erroneous matches within the sole proprietorship file as well as other SOI business files (i.e., partnerships and corporations).

Anticipated Problems. -- Because of the extent to which the EIN is relied upon as the linking variable, the "trueness" of the match for all the link studies is a matter of some concern. Although it is realized that the EINs in the SOI sample are not perfect, studies have shown that the manual searches required to perfect them would be quite expensive; therefore, data which are missing because of an inability to match Census data will be imputed.

A problem with the Sole Proprietorship Link study is the unexplained decrease in the percentage of Form 1040 Schedules C and F with an EIN. The percentage has decreased from approximately 20 percent in 1979 to 10 percent in 1982. This makes false nonmatch imputation critical for this study.

Resources. -- The allocation of resources (shown in Table 2) is based on the following assumptions:

- All three employment link studies are being conducted for Tax Year 1982 and will be repeated for Tax Year 1987, which is also an economic census year [17, 18].

- There will be limited follow-up on missing or incorrect EINs.. Imputation will be used, as needed, to gather missing employment tax return data.

- Results initially will be published in the SOI Bulletin and later collected into a periodic compendium of the Section's work.

SECRETARY'S PERCENTAGE STUDIES

The Secretary's Percentage is a figure used in determining the income tax liability of foreign life insurance companies that operate in the United States. The SOI Division annually calculates this "percentage" from Form 1120L, U.S. Life Insurance Company Income Tax Return. The compilation of data to develop this figure takes place between September and February each year. The data are sent to the Office of Tax Analysis and the IRS Chief Counsel's Office by the end of February. In addition, the Secretary's Percentage is published in the Federal Register in March.

Selected pages from all Form 1120L returns and their related annual statements are photocopied in the service centers and sent on a flow basis to the SOI Division [19]. This allows us to save resources by editing only a sample of Forms 1120L for the SOI Corporation program while, at the same time, producing a Secretary's Percentage figure based on 100 percent of the returns, which is the Secretary of the Treasury's interpretation of the Internal Revenue Code.

If an affiliated group of corporations includes one or more domestic insurance company taxed under Internal Revenue Code Section 801, the common parent may elect to treat the companies as includible corporations. Therefore, it was necessary to revise procedures to provide for the photocopying of these consolidated returns and schedules in order that the coverage would be complete.

Beginning with the Tax Year 1984 program, all Service Center processing was moved to "SOI Units" to improve quality and to obtain better responsiveness into problems of missing returns. At the present time, this change has brought about somewhat mixed results. While the overall quality of documents received to date has improved, the timeliness has deteriorated somewhat, possibly due to the "SOI Unit" location vis-a-vis other service center processing. In order to address this problem, we will be making use of the longitudinal nature of the study file. Because it is designed to include 100 percent of Form 1120L filers each year, the file is currently organized to include prior year's data. We will be using these data to impute missing data on current year's returns. Since the numbers of codes and items for this study are very small, we are planning to utilize a microcomputer system already available in the SOI Division. This system is being developed longitudinally which would allow for an improved imputation process which will take advantage of prior information filed by an organization as well as current information filed by "similar" organizations. Finally, over the course of the planning period, discussions with OTA may lead to an eventual sampling of Form 1120L returns for use in producing the "percentage" (possibly through a legislative change).

Anticipated Problems. -- The major problem that we have encountered in this study has been that of acquiring all of the very large and important returns. Because life insurance companies can now file a return as part of a consolidated group, it is more difficult to identify them. To the extent that this becomes a more common way of filing, identifying and controlling these returns will be more difficult. Furthermore, some companies have begun filing a Form 990, as an Exempt Organization. To measure the extent of this, we are examining a list from the BMF.

Resources. -- The resources required to compute the Secretary's Percentage are based on the assumption that the study will continue to include all Forms 1120L and that the processing will continue to be essentially a rollover. Therefore, the costs are assumed to be fairly constant over the planning period.

GEO-CODING STUDIES

The purpose of this study is to provide statistics on a sub-national basis for partnership returns, because of the reduction in the size of the partnership SOI sample beginning with Tax Year 1981. Therefore, this study has been undertaken to tabulate selected partnership data taken from the IRS Business Returns Transaction File (BRTF) by State, county and 2-digit Standard Industrial Classification (SIC) Code.

At the present time, the status of repeating this study is uncertain. In addition to concerns about issues of disclosure which have recently surfaced, the extremely limited item content significantly limits the usefulness of this data to analysts in the SOI Division.

Industry Coding and Establishment Reporting Activities

Members of the Special Projects Section have participated in a review of the industry coding systems used by Federal agencies to classify economic units for statistical purposes [20]. The results of this review, which was conducted by an interagency working group, were published in a 1984 report by the Office of Management and Budget [21]. In addition, a detailed description of 16 industry coding systems has been prepared and was distributed in the spring of 1984 [22].

The documentation prepared by this group is being used to evaluate alternatives to IRS's current system of annually assigning industry codes to returns filed by sole proprietorships, partnerships, and corporations. During the current fiscal year, it is anticipated that the Special Projects Section will continue to provide support in these areas.

We have also been actively involved in interagency activities on studying the feasibility of standardizing the reporting of business financial information to the Federal government. An agreement has been worked out with other Federal agencies to test the feasibility of these procedures which would ease the taxpayer reporting burden.

NOTES AND REFERENCES

[1] Piet, Patrick, "Partnership Returns for 1981 Reflect Tax Shelter Activity," SOI Bulletin, Winter 1983-84, Volume 3, Number 3, pages 29-40.

[2] Piet, Patrick, "Partnership Returns, 1982," SOI Bulletin, Summer 1984, Volume 4, Number 1, pages 85-95.

[3] Piet, Patrick, "Partnership Returns, 1983," SOI Bulletin, Summer 1985, Volume 5, Number 1, pages 55-64.

[4] This publication is Partnership Returns, 1978-82, which was completed in September 1985.

[5] Included in these data will be the number of partnerships, the number of partners, business receipts, deductions, and net income (less deficit) classified by minor industry. A parallel effort also exists for sole proprietorship data; see Chapter 6.

[6] These improvements are all described in Chapter 4, "Other Corporation Branch Studies" of Volume I- Basic Operating Plan, Proposed Multi-Year Plan, FY 1983-89.

[7] Service Center Cycle/Page/Line Number and the Employer Identification Number (EIN) were used as the matching variable(s).

[8] There are advantages to doing all the returns in one site in terms of training and controlling. Coordinating the work in one site has advantages too, particularly in lower overall costs, better quality, and timeliness.

[9] The re-orientation of SOI Quality Assurance activities is described in "Statistics of Income Quality Management: Individual Income Tax Returns," by Otto Schwartz and Dave Paris, 1984 Proceedings: American Statistical Association, Section on Survey Research Methods.

[10] This report is Tax Reform for Fairness, Simplicity, and Economic Growth, the Treasury Department Report to the President. See especially Volume 2, General Explanation of the Treasury Department Proposals, pages 146-150, for a discussion of proposed changes to taxation of large limited partnerships.

[11] Resources for this project will be limited and, hence, some tradeoffs among the few possible approaches may be necessary during execution. Decisions on where to scale back the work will depend on relative costs and benefits.

[12] Further information about the development of the Small Business Data Base is contained in the papers by Kirchhoff, Bruce A. and Hirschberg, David A., "Small Business Data Base: Progress and Potential," 1981 Proceedings: American Statistical Association, Section on Survey Research Methods, and Hirschberg, David A. and Phillips, Bruce, "Using Financial Statement Data to Evaluate the Status of Small Business," 1982 Proceedings: American Statisical Association, Section on Survey Research Methods.

[13] Additional detail on the employment link studies is provided in a paper by Rose, Paul and Taylor, Linda B., "Size of Employment in SOI: A New Classifier," 1982 Proceedings: American Statistical Association, Section on Survey Research Methods.

[14] The Census Bureau subjects the data to additional consistency testing and imputes for missing items by using prior year data reported by the same taxpayer and current year data reported by other taxpayers in the same industry and geographic area. Because of this additional testing and imputation, Form 941/943 employment and payroll data are drawn from the Census Bureau files instead of from the basic IRS files. For the Tax Year 1982 Studies, the Form 941/943 data were provided to the SOI Division by the Census Bureau on two files, one containing employment and payroll for each of the four calendar quarters in 1981 and 1982, and the other containing the data for all four quarters of 1983 and updated figures for 1982.

[15] Greenia, Nick, "Partnership Employment and Payroll, 1979, "SOI Bulletin, Spring 1984, Volume 3, Number 4, pages 59-76.

[16] For Tax Year 1982 the extract of Form 941/943 data provided by the Census Bureau contains an SIC code and an associated business entity type filing requirement code to strengthen the accuracy of the match, especially across SOI business types (i.e., sole proprietorships, partnerships, and corporations).

[17] For each of the employment link studies, the employment tax return data will be appended to the SOI files.

[18] For information about the content of the partnership program, see the section on partnership returns in this chapter. The content of the sole proprietorship file for these years is described in Chapter 6, Basic Individual Studies.

[19] Since the number of items extracted from the Form 1120L for this study is small, it has been suggested by the Statistician from the Ogden Service Center to allow each center to actually edit rather than photocopy returns. For the 1984 study, Ogden will do this on a pilot basis while continuing to send photocopies of selected pages to the National Office. If this effort is successful, we will consider full service center editing for the 1985 study.

[20] The activities of this group are described in papers by Farrell, Michael G., Jabine, Thomas B., and Konschnik, Carl A., "A Review of Industry Coding Systems," 1982 Proceedings: American Statistical Association, Section on Survey Research Methods and Jabine, Thomas B. and Taylor, Linda B., "Sharing Industry Codes: A Case Study," unpublished paper of Administrative Records Subcommittee of the Federal Committee on Statistical Methodology, July, 1981. (See also [21, 22] below.)

[21] This report is "A Review of Industry Coding Systems," Statistical Policy Working Paper 11, prepared by the Industry Coding Working Group of the Administrative Records Subcommittee of the Federal Committee on Statistical Methodology.

[22] This report is "Description of Selected Industry Coding Systems," supplement to a Review of Industry Coding Systems prepared by the Industry Coding Working Group of the Administrative Records Subcommittee of the Federal Committee on Statistical Methodology.

Table 1.--Other Corporation Branch Studies: Number of Codes and Items, Population, and Sample Sizes, Tax Years 1982-89

(Number of returns in thousands)

Item	Tax Year							
	1982	1983	1984	1985	1986	1987	1988	1989
PARTNERSHIP PROGRAM								
Population	1,514	1,652	1,762	1,818	1,898	1,996	2,101	2,220
Sample: 1/								
Regular sample	35	30	30	30	30	30	30	30
Supersample	158	162	173	178	186	196	206	218
Total Codes and Items	185	188	168	218	240	240	240	240
CENSUS-IRS LINK STUDY								
Matched File	4	(NA)	(NA)	(NA)	(NA)	4	(NA)	(NA)
Total Codes and Items	1,439	(NA)	(NA)	(NA)	(NA)	1,103	(NA)	(NA)
PARTNERSHIP EMPLOYMENT LINK STUDY								
SOI Sample	35	(NA)	(NA)	(NA)	(NA)	30	(NA)	(NA)
Matched File	16	(NA)	(NA)	(NA)	(NA)	2/	(NA)	(NA)
Total Codes and Items	189	(NA)	(NA)	(NA)	(NA)	194	(NA)	(NA)
CORPORATION EMPLOYMENT LINK STUDY								
SOI Sample	94	(NA)	(NA)	(NA)	(NA)	90	(NA)	(NA)
Matched File	77	(NA)	(NA)	(NA)	(NA)	2/	(NA)	(NA)
Total Codes and Items	509	(NA)	(NA)	(NA)	(NA)	581	(NA)	(NA)
SOLE PROPRIETORSHIP EMPLOYMENT LINK STUDY								
SOI Sample	36	(NA)	(NA)	(NA)	(NA)	36	(NA)	(NA)
Matched File	7	(NA)	(NA)	(NA)	(NA)	2/	(NA)	(NA)
Total Codes and Items	185	(NA)	(NA)	(NA)	(NA)	188	(NA)	(NA)
SECRETARY'S PERCENTAGE STUDY								
Population (and Sample)	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Total Codes and Items	10	10	23	24	24	24	24	24

1/ Manually edited data will be added to transaction file data for returns in the regular sample. Only transaction file data will be available for returns in the supersample.

2/ The number of records in the matched file is unknown at this time.

(NA) = Not applicable.

TABLE 2.--SPECIAL CORPORATION PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART I - BASIC PARTNERSHIP SOI PROGRAM																					
TOTAL	15.3	17.7	19.9	21.6	19.9	19.9	19.7	20.8	24.7	26.4	29.2	26.2	25.9	25.8	30.8	35.8	37.0	40.9	36.8	36.4	36.3
1982 TAX YEAR	*							*							0.1						
1983 TAX YEAR	1.6							1.8							2.7						
1984 TAX YEAR	5.5							7.9							11.9						
1985 TAX YEAR	7.5	7.7						9.7	10.7						14.4	16.3					
1986 TAX YEAR	0.6	9.2	9.9					1.0	12.7	12.0					1.4	17.8	16.8				
1987 TAX YEAR	0.2	0.6	9.2	11.5				0.3	1.0	13.1	14.9				0.4	1.4	18.4	20.9			
1988 TAX YEAR		0.2	0.6	9.2	9.9				0.3	1.0	13.0	12.2				0.4	1.4	18.3	17.2		
1989 TAX YEAR			0.2	0.6	9.2	9.9				0.3	1.0	12.7	12.0				0.4	1.4	17.9	16.9	
1990 TAX YEAR				0.2	0.6	9.2	9.9				0.3	0.9	12.6	12.0				0.4	1.3	17.8	16.9
1991 TAX YEAR					0.2	0.6	9.2					0.3	0.9	12.8					0.4	1.3	18.0
1992 TAX YEAR						0.2	0.6						0.3	1.0						0.4	1.4
PART II - EMPLOYMENT LINK STUDIES PROGRAM																					
TOTAL	1.4	1.1	0.5	0.4	1.0	1.5	0.7	2.9	2.2	1.0	0.8	1.8	2.8	1.4	4.1	3.0	1.3	1.1	2.6	3.9	2.0
1982 TAX YEAR	1.4	1.1	0.4					2.9	2.2	0.8					4.1	3.0	1.1				
1987 TAX YEAR			0.1	0.4	1.0	1.5	0.7			0.1	0.8	1.8	2.8	1.4			0.2	1.1	2.6	3.9	2.0
PART III - SECRETARY'S PERCENTAGE PROGRAM																					
TOTAL	1.1	1.1	1.1	1.1	1.1	1.1	1.1	2.2	2.1	2.3	2.2	2.0	2.0	2.1	3.1	2.9	3.1	3.0	2.8	2.8	2.9
1984 TAX YEAR	0.8							1.6							2.1						
1985 TAX YEAR	0.3	0.7						0.7	1.5						0.9	2.0					
1986 TAX YEAR		0.3	0.8						0.7	1.6						0.9	2.2				
1987 TAX YEAR			0.3	0.8						0.7	1.5						1.0	2.1			
1988 TAX YEAR				0.3	0.8						0.7	1.4						0.9	2.0		
1989 TAX YEAR					0.3	0.8						0.6	1.4						0.9	2.0	
1990 TAX YEAR						0.3	0.8						0.6	1.5						0.9	2.0
1991 TAX YEAR							0.3							0.6							0.9

TABLE 2.--SPECIAL CORPORATION PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92 - CONTINUED

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART IV - CENSUS-IRS LINK STUDY PROGRAM																					
TOTAL	0.9	0.1	0.0	0.6	0.8	0.9	0.1	1.9	0.2	0.1	1.3	1.6	1.7	0.2	2.7	0.3	0.1	1.8	2.2	2.4	0.3
1982 TAX YEAR	0.9	0.1						1.9	0.2						2.7	0.3					
1987 TAX YEAR			0.0	0.6	0.8	0.9	0.1			0.1	1.3	1.6	1.7	0.2			0.1	1.8	2.2	2.4	0.3
PART V - PARTNERSHIP SOURCE BOOK PROGRAM																					
TOTAL	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.6	0.9	0.9	0.9	0.8	0.8	0.9	0.9	1.2	1.3	1.2	1.2	1.2	1.2
1984 TAX YEAR	0.3	0.1						0.6	0.3						0.9	0.4					
1985 TAX YEAR		0.3	0.1						0.6	0.3						0.8	0.4				
1986 TAX YEAR			0.3	0.1						0.6	0.3						0.9	0.4			
1987 TAX YEAR				0.3	0.1						0.6	0.3						0.8	0.4		
1988 TAX YEAR					0.3	0.1						0.6	0.3						0.8	0.4	
1989 TAX YEAR						0.3	0.1						0.6	0.3						0.8	0.4
1990 TAX YEAR							0.3							0.6							0.8

TABLE 2.--CORPORATION RESEARCH PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART I - ECONOMIC CENSUS SUPPORT PROGRAM																					
TOTAL	2.2	2.3	2.3	0.7	0.7	2.2	2.3	2.7	2.6	2.7	0.8	0.8	2.7	2.7	3.9	3.8	3.9	1.2	1.2	3.8	3.9
1986 TAX YEAR	0.4							0.5							0.7						
1987 TAX YEAR	1.8	2.3	1.8	0.2				2.2	2.6	2.2	0.2				3.1	3.8	3.2	0.3			
1988 TAX YEAR			0.4							0.5							0.7				
1989 TAX YEAR				0.4							0.5							0.7			
1990 TAX YEAR					0.4							0.5							0.7		
1991 TAX YEAR						0.4							0.5							0.7	
1992 TAX YEAR				0.1	0.3	1.8	2.3				0.1	0.3	2.2	2.7				0.2	0.5	3.1	3.9
PART II - TAX ADJUSTMENT STUDY PROGRAM																					
TOTAL	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1.6	1.5	1.6	1.6	1.4	1.5	1.5	2.2	2.1	2.3	2.1	2.0	2.0	2.1
1980 TAX YEAR	0.8	0.8	0.8	0.8				1.6	1.5	1.6	1.6				2.2	2.1	2.3	2.1			
1990 TAX YEAR					0.8	0.8	0.8					1.4	1.5	1.5					2.0	2.0	2.1
PART III - RESEARCH AND ANALYSIS PROGRAM [1]																					
TOTAL	2.5	4.5	4.5	4.5	4.5	4.5	4.5	3.0	5.0	5.1	5.0	4.9	4.9	5.0	3.9	6.3	6.4	6.4	6.3	6.3	6.3
1986 TAX YEAR	2.5	4.5	4.5	4.5	4.5	4.5		3.0	5.0	5.1	5.0	4.9	4.9		3.9	6.3	6.4	6.4	6.3	6.3	
1992 TAX YEAR							4.5							5.0							6.3
PART IV - SYSTEMS IMPLEMENTATION PROGRAM [2]																					
TOTAL	2.9	15.0						5.2	20.4						7.1	20.4					
1985 TAX YEAR	2.9	15.0						5.2	20.4						7.1	20.4					

[1] Includes resources for research into imputation and other statistical methods.

[2] Staff time in support of acquisition and implementation of the SOI Distributed Processing System. Hardware costs are addressed in Chapter 1.

Chapter 5
INDIVIDUAL STATISTICS BRANCH*

This chapter summarizes and highlights the basic individual study and related special studies dealing with individual tax returns for which the Branch has responsibility. The chapter is organized into a general discussion of the various outputs produced by the Individual Statistics Branch. Following this section is a discussion of the status of initiatives discussed in last year's plan and those expected in 1986. Next there is a discussion of processing strategies that are to be implemented by the Branch over the next several years. The chapter concludes with both a narrative and tabular summary of the fiscal year allocation of resources among projects by work location. Details of all Branch's studies are presented in the next two chapters.

BRANCH PRODUCTS

The major traditional product of the Individual Statistics Branch is the annual Statistics of Income (SOI) report compiled from individual income tax returns. Beginning with the Tax Year 1983 results, the scope of the report was changed. The main difference with the new report is that it does not provide any analysis of the data nor does it provide the in-depth description of tax law changes. However, it does have a description of the tax law changes which would effect the data published. We do plan to improve the report in the future by changing it to be more like the compendia that the SOI Division has produced in other areas. This compendium, to be released annually, will contain the basic tables, the tax law changes which would effect the data published, and any other published articles on individual tax data for that specific year (an index will also be provided.) The analysis would be based on the Advanced Data and would be published in each Winter issue of the SOI Bulletin.

Most of the results of the other studies conducted in the branch will be published in the SOI Bulletin. We are continuing to produce, on hard copy, the annual "Selected Financial Data" from the sole proprietorship file for use by the Commerce Department in producing the National Income and Product Accounts.

The output from the various Individual Statistics Branch's studies are available through several types of media. First, computer tapes of consistency tested microdata files are produced for several of our studies and are available as public use files. Generally, for all studies, we provide hard copy in the form of tables or listings. Outputs from all regular studies (including reimbursable when requested) are made available to the Office of Tax Analysis and the Joint Committee on Taxation, as well as other parts of the Service. After disclosure review and suppressions, outputs are available on request to other government agencies, universities, trade associations and private citizens.

*By Mike Coleman, Chief, Individual Statistics Branch.

STATUS OF INITIATIVES BEGUN IN RECENT YEARS

In recent years several initiatives were begun to improve productivity and the quality of the data produced by the Individual Branch. Following are detailed descriptions of the progress that was made last year. The progress is illustrated in the general categories listed below.

Shift in Processing Locations. -- The phaseout of work at the Data Center is continuing. During 1985, there were two major shifts. First the development of the Individual Tax Model public use file was done in-house. There were a few problems which were encountered during the transition; however, these problems were overcome and we do plan to modify the system for the Tax Year 1984 file.

The other shift was the 1985 Taxpayer Usage Study. All manual work and the development of the consistency test programs were moved from the Data Center to the service centers. The only work currently being done by the Data Center is the development of the final report tables. A further discussion of changes to this study can be found under Computer Hardware Enhancements in this chapter.

Move to More Efficient Processing Methods. -- The major enhancement in the individual area has been the acceleration of the Individual SOI program. Starting with the Tax Year 1985 program, all service center processing will begin in February rather than August. With the accelerated program, we will be processing the returns for SOI concurrently with the regular revenue processing. This will provide an opportunity to use the SOI sample for evaluating revenue processing quality throughout the year.

Another enhancement, which was developed to a further extent in 1985, involved abstracting data directly from the Taxpayer Usage Study sample to a mini-computer data base at each service center. Selected data are then accumulated and electronically transmitted to the National Office in order to produce the traditional weekly reports.

Computer Hardware Enhancement. -- The Individual Statistics Branch worked very closely with two Service Center Statisticians, Doug Shearer of Andover and Ken Bowen of Memphis, to develop a computer system for the Taxpayer Usage Study. As was mentioned above, the data are now abstracted in each service center onto a mini-computer. The system is designed to immediately validity test the data during keying to ensure its accuracy. On a weekly basis summary data are transmitted to the National Office for dissemination. The National Office maintains this data base which can be accessed by others in the Service, as well as the Office of Tax Analysis.

Program Design and Quality of Data. -- For the past several years, the Branch has engaged outside contractors for an independent review of program design and quality of data (among other things). This work has involved the basic individual program. Those tasks completed in 1985 focussed on the Individual Advance Data estimates. In particular,

- An evaluation of our current estimating procedures was completed and a recommendation to improve our methodology through the use of a propensity score method was proposed [1], and

- An application of these new procedures to 1983 Advance Data was completed [2].

Further support from outside contractors also is anticipated over the planning period.

STRATEGIC INITIATIVES FOR THE FUTURE

Various processing initiatives are being pursued to enable us to improve our methods and to reduce our costs. In addition, as has already been mentioned, changes have been made to the Individual SOI program to improve the quality and to provide for a quality measurement of revenue processing. Several of these initiatives are described below.

Quality Program. -- Several changes to the quality assurance procedures are being made for the current programs. Many of these changes are a direct consequence of the accelerated Individual SOI program.

For the 1985 Individual SOI program, we have developed quality indicators which have been incorporated into the service center consistency tests. These quality indicators were designed to identify questionable relationships in the Returns Transaction File (RTF) data. Summary results will be provided on a cycle-by-cycle basis to each service center so that changes can be made to systemic problems that have been identified. Staff from the Branch will analyze the results and make improvements in these quality indicators for subsequent years. These quality assurance procedures are discussed in detail in an Appendix to Chapter 6.

In the future, we plan to work with the Return Processing and Accounting Division in the National Office and the Quality Assurance Management Support Division in the service centers in an effort to step up our quality program.

Prior Year Returns. -- Beginning with the Tax Year 1985 Individual SOI program, we will change the way in which we process prior year returns. In the past, the Data Center consistency tests were designed to ensure the returns for the two prior tax years were internally consistent and the data were accurate based on the tax laws in effect when the return should have been filed. Our current plans are to revise these procedures and mainly concentrate on specific areas of the return, such as the Alternative Minimum Tax, which are important to the Treasury Department. For these areas, we will continue to

have the consistency tests cover prior tax years. This change will greatly simplify the consistency tests, provide a savings in programming resources, and should not have a negative impact on the published data.

Missing Returns. -- We are in the process of conducting research on ways to reduce the number of missing returns in the Individual SOI program. The research involves providing for multiple return chargeouts and for returns to be designated for the Individual SOI program in each service center.

Multiple return chargeouts will reduce the probability that another function within the service center will be able to pull returns prior to SOI. If a return is needed by another function, SOI will take the responsibility for making a photocopy of the return for SOI use.

Currently, there are several functions within the service center which identify which returns they need prior to the return posting to the master file. Since the SOI sample is very close to a longitudinal sample, we could input into a data base the social security numbers of those returns that we are interested in obtaining so that they could be identified immediately.

On-Line Error Resolution. -- The Data Center has developed an on-line error resolution system which is currently fully operational in Detroit. We plan to have this system modified so that changes to the file can be made from the National Office. The modified system, which should be operational for the Tax Year 1986 study, will be beneficial in two areas. First, it will allow additional National Office involvement in the Systems Acceptability Testing (SAT) of the consistency tests programs with less travel expenses. Also, during both the Advance Data and final closeout, the National Office would have access to the file to make on-line corrections. This would be most important in the case of adding additional data from missing returns which have been found by the service centers after closeout.

Mini-Micro Network. -- Starting in 1987, our plan is to have a network of micro-computers, such as the micro-Vax, located in each service center and tied into a similar computer in the National Office. This configuration will be helpful not only for the Branch's major program but also in conducting some of the Branch's smaller studies such as the Taxpayer Usage Study, and the Sales of Capital Assets. Under such a configuration, both the service centers and the National Office can have access to the files for testing and corrections. This will allow subject matter experts to review complicated returns on-line before making changes to the data.

Integrate Taxpayer Usage Study with the Individual Program. -- In an effort to reduce costs and to provide more timely data to our users, our long-range plans include the integration of the Taxpayer Usage Study with the Individual SOI program. [For a detailed explanation as to the mechanics of this process, see Chapter 7.] Under this new system, we will be able to provide estimates from the Individual SOI program throughout the year. Originally, we would produce estimates shortly after the end of the filing deadline, possibly as early as June. These estimates would be updated to produce the traditional Advance Data tables (now produced in early December). Final estimates would continue to be prepared during the following year (but about a month earlier).

Move to NAS Computer System. -- We will be moving many of our smaller studies to the IBM look-alike computer system in Detroit. We currently plan to create the 1984 Individual Tax Model and the Individual Public Use File on the NAS. In addition, all new reimbursable work will be done on the NAS, since most of our users are working in an IBM environment.

RESOURCES

Figure A summarizes the direct costs for projects in the Individual Statistics Branch for FY 1986-1992. More detailed costs for each project by tax year are shown in Table 2 for both Chapters 6 and 7.

There is an overall 13 percent decrease in staff-years during the planning period. This decrease reflects the savings to be realized by the enhancements to our programs. In FY 1988 the costs of the Individual Branch programs peak at 61 staff-years. This is the result of the cycling of the sales of capital assets study and the additional work required for the 1987 Economic Census. There is a slight increase in resources in 1990 which is due to the cycling of the individual foreign area studies, as well as the cycling of the Form W-2 and Information Returns Program studies.

The resources at the Data Center reflect a continuing decline over the entire period. There is an overall drop of 33 percent over the next four years at which point there is a leveling off. The decline is the result of the continued phaseout of Data Center involvement in the small studies. This work will be done either in-house, as will be the case with the annual Taxpayer Usage Study or by private contractors.

In the service centers the resources fluctuate quite a bit. They reach a high in FY 1988 when the sales of capital assets study and the editing of data from the Schedules C and F for the 1987 Economic Census are underway. Other fluctuations are the result of the cycling of our studies.

NOTES AND REFERENCES

[1] Mathematica Policy Research, "Evaluation of a New Procedure for Estimating Income and Tax Aggregates from Advance Data, Final Report, Task 1," June 1985.

[2] Mathematica Policy Research, "Application of New Procedures to the Advance Estimation of 1983 Statistics of Income from Individual Tax Returns, Final Report, Task 4," July 1985.

FIGURE A.--INDIVIDUAL AREA PROGRAMS: ESTIMATED STAFF YEARS BY PROJECT AND LOCATION. FISCAL YEARS 1986-1992

PROJECT	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
ALL LOCATIONS																					
INDIVIDUAL AREA. TOTAL[1]..	59.3	52.7	61.4	51.0	51.1	50.6	46.9	82.8	82.3	91.9	81.2	77.9	77.3	73.9	123.0	121.8	134.4	119.1	114.6	114.1	109.1
BASIC INDIVIDUAL SOI.....	29.5	30.1	34.2	27.1	28.2	26.4	28.4	43.6	43.9	50.5	42.7	41.3	39.6	43.5	64.7	65.2	74.4	63.7	61.6	59.4	64.8
CYCLED STUDIES.....	2.5	5.1	11.8	8.7	7.1	8.4	1.9	4.1	8.7	15.7	13.1	10.4	11.9	3.2	6.3	12.7	22.3	18.3	14.7	16.8	4.6
REIMBUR STUDIES: BASIC...	2.3	2.3	2.3	2.8	2.8	2.8	2.8	3.9	3.7	3.8	4.7	4.6	4.6	4.6	5.6	5.5	5.5	6.9	6.8	6.8	6.8
REIMBUR STUDIES: SPECIAL.	5.9	5.3	3.5	4.0	3.5	3.8	4.5	9.8	9.4	6.3	6.7	6.0	6.3	7.8	14.6	14.1	9.1	9.8	8.8	9.2	11.4
TAX MODEL CREATION.....	1.0	0.4	0.5	0.5	0.5	0.5	0.5	2.1	0.8	1.1	1.1	1.0	1.0	1.0	3.1	1.1	1.6	1.5	1.4	1.4	1.4
TAXPAYER USAGE STUDY.....	4.2	4.4	4.4	4.4	4.1	4.1	4.1	6.1	6.6	6.7	6.9	6.4	6.2	6.2	8.8	9.6	9.5	9.8	9.1	8.9	8.8
TREASURY STUDIES.....	3.8	2.7	3.6	2.3	3.9	3.5	3.6	7.2	5.3	6.5	4.6	6.9	6.5	6.3	11.0	7.9	9.8	7.1	10.4	9.9	9.5
OCCUPATION STUDIES.....	3.4	1.5	1.1	1.1	1.0	1.0	1.0	4.6	2.0	1.4	1.4	1.3	1.2	1.2	6.8	3.0	2.1	2.1	1.9	1.9	1.9
NATIONAL OFFICE																					
INDIVIDUAL AREA. TOTAL[1]..	26.9	26.2	25.2	26.7	25.2	25.0	24.8	37.4	36.9	36.2	37.4	35.9	35.7	35.8	56.3	55.5	54.6	56.3	54.2	53.8	54.0
BASIC INDIVIDUAL SOI.....	12.0	11.2	11.7	11.2	11.0	11.0	11.3	16.7	15.6	16.9	15.7	15.5	15.6	16.4	25.2	23.4	25.5	23.6	23.4	23.5	24.8
CYCLED STUDIES.....	0.8	2.6	2.3	4.0	2.6	2.4	1.3	1.1	3.9	3.5	5.9	3.9	3.6	1.9	1.7	5.9	5.2	8.9	5.9	5.5	2.9
REIMBUR STUDIES: BASIC...	2.3	2.3	2.3	2.8	2.8	2.8	2.8	3.1	3.1	3.1	3.8	3.9	3.9	3.9	4.7	4.6	4.7	5.7	5.8	5.8	5.8
REIMBUR STUDIES: SPECIAL.	4.9	4.1	3.5	4.0	3.5	3.8	4.5	6.6	5.7	5.0	5.5	5.0	5.3	6.4	9.9	8.5	7.5	8.3	7.5	8.0	9.6
TAX MODEL CREATION.....	1.0	0.4	0.5	0.5	0.5	0.5	0.5	1.5	0.6	0.8	0.8	0.7	0.7	0.7	2.3	0.9	1.2	1.2	1.1	1.0	1.0
TAXPAYER USAGE STUDY.....	1.1	1.4	1.9	1.9	1.6	1.6	1.6	1.7	2.1	2.8	2.8	2.4	2.4	2.4	2.5	3.1	4.3	4.2	3.7	3.7	3.6
TREASURY STUDIES.....	2.0	1.9	1.9	1.1	2.2	2.0	1.9	2.9	2.9	2.8	1.6	3.2	2.9	2.8	4.4	4.3	4.2	2.4	4.9	4.4	4.3
OCCUPATION STUDIES.....	2.0	1.4	1.1	1.1	1.0	1.0	1.0	2.7	1.8	1.4	1.4	1.3	1.2	1.2	4.0	2.7	2.1	2.1	1.9	1.9	1.9

[1]Includes resources allocated to Treasury special studies, basic research, OMB Circular A-76 study and other smaller scale studies which are not detailed below.

FIGURE A.--INDIVIDUAL AREA PROGRAMS: ESTIMATED STAFF YEARS BY PROJECT AND LOCATION. FISCAL YEARS 1986-1992 - CONTINUED

PROJECT	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
DATA CENTER																					
INDIVIDUAL AREA. TOTAL...	11.9	10.0	8.4	7.9	7.9	7.9	7.9	18.8	16.7	14.1	14.5	12.6	13.1	12.5	31.1	27.6	23.4	24.0	20.8	21.8	20.8
BASIC INDIVIDUAL SOI.....	6.8	6.6	6.6	6.6	6.6	6.6	6.6	10.8	10.6	10.8	12.1	10.3	10.8	10.4	17.1	17.5	17.9	20.1	17.1	17.8	17.2
CYCLED STUDIES.....	1.1	0.8	0.6					1.8	1.5	1.1					3.0	2.5	1.7				
REIMBUR STUDIES: BASIC...																					
REIMBUR STUDIES: SPECIAL.	1.0	1.2						1.8	2.2						2.9	3.7					
TAX MODEL CREATION.....																					
TAXPAYER USAGE STUDY.....	0.5	0.5	*					0.9	0.9	*					1.5	1.6	*				
TREASURY STUDIES.....	1.8	0.8	1.2	1.2	1.2	1.2	1.2	3.1	1.4	2.2	2.4	2.3	2.4	2.2	5.1	2.3	3.7	3.9	3.8	3.9	3.6
OCCUPATION STUDIES.....	0.7							0.8							1.4						
SERVICE CENTERS																					
INDIVIDUAL AREA. TOTAL...	14.5	16.5	26.4	13.4	16.3	16.8	13.5	15.8	18.4	29.5	15.8	19.8	19.8	16.3	22.2	25.8	41.2	22.2	27.7	27.7	22.9
BASIC INDIVIDUAL SOI.....	10.7	12.3	15.6	8.9	10.5	8.8	10.5	11.6	13.7	17.4	10.2	12.3	10.0	12.7	16.3	19.2	24.3	14.3	17.3	14.0	17.8
CYCLED STUDIES.....	0.6	1.6	8.3	2.0	3.3	5.5	0.5	0.7	1.8	9.3	2.5	4.2	6.7	0.6	1.0	2.6	13.0	3.5	5.9	9.4	0.8
REIMBUR STUDIES: BASIC...																					
REIMBUR STUDIES: SPECIAL.																					
TAX MODEL CREATION.....																					
TAXPAYER USAGE STUDY.....	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.9	2.9	2.8	3.1	3.2	3.1	3.1	4.0	4.1	4.0	4.4	4.5	4.3	4.3
TREASURY STUDIES.....																					
OCCUPATION STUDIES.....	0.6							0.6							0.9						

FIGURE A.--INDIVIDUAL AREA PROGRAMS: ESTIMATED STAFF YEARS BY PROJECT AND LOCATION. FISCAL YEARS 1986-1992 - CONTINUED

PROJECT	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
								OUTSIDE CONTRACTOR													
INDIVIDUAL AREA. TOTAL...	0.1	0.1	1.3	3.0	1.7	0.9	0.8	10.8	10.3	12.2	13.4	9.6	8.7	9.2	13.4	12.8	15.1	16.7	11.8	10.8	11.4
BASIC INDIVIDUAL SOI.....			0.2	0.4				4.9	4.1	5.4	4.7	3.1	3.3	4.1	6.0	5.1	6.7	5.8	3.9	4.0	5.0
CYCLED STUDIES.....			0.6	2.6	1.2	0.5	0.2	0.5	1.4	1.9	4.7	2.3	1.5	0.7	0.6	1.8	2.3	5.9	2.9	1.9	0.9
REIMBUR STUDIES: BASIC...								0.7	0.7	0.7	0.9	0.8	0.8	0.8	0.9	0.8	0.9	1.1	0.9	0.9	0.9
REIMBUR STUDIES: SPECIAL.		*						1.4	1.5	1.3	1.2	1.0	1.0	1.4	1.8	1.8	1.6	1.5	1.3	1.3	1.8
TAX MODEL CREATION.....						0.1	0.1	0.6	0.2	0.3	0.3	0.2	0.3	0.3	0.8	0.3	0.4	0.3	0.3	0.3	0.3
TAXPAYER USAGE STUDY.....								0.7	0.7	1.0	1.0	0.7	0.7	0.7	0.8	0.9	1.3	1.2	0.9	0.9	0.9
TREASURY STUDIES.....			0.5		0.5	0.3	0.5	1.2	1.0	1.5	0.6	1.4	1.2	1.3	1.4	1.3	1.9	0.7	1.8	1.5	1.6
OCCUPATION STUDIES.....	0.1	*						0.5	0.2						0.6	0.3					

Chapter 6

BASIC INDIVIDUAL STUDIES*

The increased need on the part of the statistical community for timely, quality information about individuals coupled with continuing budget cuts has given renewed impetus to current efforts and has spawned new initiatives to save resources while producing accurate and timely statistics.

This chapter describes the basic individual Statistics of Income (SOI) study processing and products. Because of the scope of this program, major new innovations and their resource implications are discussed first. Discussion of on-going and already approved plans follow. Much of this latter information has been discussed in previous operating plans. Measures of population and sample counts, as well as program content, are shown in Table 1.

SIGNIFICANT CHANGES FROM THE PREVIOUS OPERATING PLAN

In order to better serve the users of our data, several initiatives have been implemented. These include a reshaping of the traditional outputs produced from the individual SOI study, as well as a change in the start-up dates for the study to those of a more "real-time" environment. Finally, we have positioned ourselves to be of assistance to the IRS' quality initiatives in Returns Processing. Following are descriptions of the progress made last year.

Statistics of Income, Individual Statistical Information Service. -- Beginning with the Tax Year 1983 annual report on individual tax returns, SOI's release of data is in conjunction with an annual service. The initial delivery of the service includes final tabulations for individual tax returns for 1983, a brief text highlighting the requirements for filing, changes in the tax law, definitions used in the tabulations, and current tax forms. During the year SOI will distribute to subscribers data on marginal tax rates for 1983, preliminary data for 1984, and selected characteristics from the 1985 Taxpayer Usage Study. Many of the subscribers request additional information relating to tables they receive. In most cases SOI is able to accommodate these requests.

We plan to continue the distribution of data as part of an overall information service to the public, with the expectation that we can best serve the need for information in this manner.

For Tax Year 1986 we plan to develop a source book that would provide detailed data in a standard format by several demographic characteristics such as age 65 or over, filing status, type of form filed, taxpayers filing itemized returns, and others. These data would cover many of the special data requests that we currently receive. The source book would be printed using electronic composition and would be a more expedient method of releasing data.

*By Susan Hostetter, Chief, Individual Returns Analysis Section and David Paris, Assistant Chief, Individual Statistics Branch.

State Data. -- Because of budget cuts, the samples selected for the basic individual SOI studies for recent tax years have been reduced and redesigned. The resulting samples have not been adequate to yield reliable estimates for small and mid-sized states. To fill this void in our ability to provide state statistics, we are planning to initiate research designed to tabulate data available from the 400,000+ returns or so called "super sample" designated each year for the basic individual study. The tabulations, although more limited in scope than the traditional SOI tables, will provide estimates for the major income and tax items reported by individuals. If undertaken, this will be a totally reimbursable study.

Service Center Initiatives. -- For the first time, SOI has made a step toward moving service center processing for the basic individual study into real-time environment. Beginning with the Tax Year 1985 processing, SOI is beginning its processing at virtually the same time that revenue processing begins in the service centers. This accelerated timing will continue, and SOI will be able to take advantage of processing concurrently with revenue processing in many ways. One such advantage will be coordinating the use of large returns with other units in the service center, and thereby reducing the number of so called "missing returns."

Another advantage to early processing is the increased ability of SOI to work with other components of the Service in helping them meet their missions. For example, we have developed plans to provide quality assurance information to revenue processing (see Appendix on quality assurance at the end of this Chapter) and SOI is currently working with Criminal Investigation personnel to provide statistical support to their program. Many new avenues of support to revenue processing activities and needs will be pursued during the planning period.

SOI has long recognized the imbalance of computer testing in service centers compared to that at the Detroit Data Center (DDC). Service center consistency tests developed for Tax Year 1986 processing will be increased to include about 50 new tests. These tests will be identified from current DDC consistency tests based on a need to review a hardcopy return to correct the test condition. For Tax Year 1987, the remaining DDC tests that should more appropriately be included in service center processing will be moved. SOI is working with Computer Services Software Division staff to modify the service center program framework. Current plans are to make necessary modifications over a two to three year period beginning with Tax Year 1986 data.

Quality Assurance Initiatives. -- Beginning with Tax Year 1985, plans for the quality assurance program include the quality measurement effort to become more of an in-process review system rather than a post-process review system.

A segmented approach to quality assurance has been developed for Tax Year 1985 and the next several tax years. At each stage of development, experience in the previous effort will be used to develop and design the next year's plan. A "pilot approach" will be used to examine the experience of each program at one service center before fielding a proven plan in all ten service centers. Emphasis will be placed on providing prompt, definable, and quantifiable results. "Scaffolding," developed and implemented in 1985, will provide the essence of the cornerstone of a 1986 plan, and so on for each year.

Quality assurance programs will be designed to provide useful information on two main processes - the returns processing system prior to National Computer Center (NCC) receipt, and the SOI processing system after receipt from NCC. Users of revenue processing data will be able to profit from quality assurance programs and analysis already included in the SOI Program. A description of each segment of the overall program is shown by tax year in the Appendix to this Chapter.

BASIC INDIVIDUAL STUDIES

The studies in this area are undertaken for the Office of Tax Analysis (OTA) and involve obtaining data on sources of income, adjustments, deductions, credits, and taxes from a sample of Forms 1040 and accompanying forms or schedules [1].

There are two regularly-produced products from the basic individual file each year. These are the Advance Data Report and the Individual Income Tax Return Final Tabulations.

1. Advance Data Report. -- The Advance Data Report is prepared from an early cut-off of the basic SOI sample. This report consists of two tables that present statistics on income sources, deductions, and tax items, classified by size of adjusted gross income. These tables are produced for the Office of Tax Analysis and the Joint Committee on Taxation no later than the end of November of the filing year and eventually are used in the preparation of the president's annual budget address to Congress. Advance Data estimates are also published in the winter edition of the quarterly SOI Bulletin.

2. Individual Income Tax Return Final Tabulations. -- These tabulations are prepared using all of the returns in the SOI basic sample processed during the filing year (as compared to the early cut-off of sampled returns used for Advance Data). The Tax Year 1985 tables are scheduled to be released in September 1985, as part of our information service. A computer tape containing the microdata records used for the Complete Report data is prepared and delivered to the Office of Tax Analysis.

New initiatives. -- In addition to the basic tabulation reports and the annual Advance Data bulletin article, two or three additional articles for the SOI Bulletin will be prepared annually. Articles will include information and statistics on marginal tax rates, taxpayers age 65 and over, and other topics of particular interest to the public.

Research is being done on the various aspects of the basic studies to increase their usefulness and reduce the costs for future years. They include:

- release of the Final Tabulations in an electronic media;

- development of an interactive system to be used for checking of Systems Acceptability Test and production tables to compare and note inconsistencies;

- use of Optical Character Recognition in lieu of manual editing and transcription;

- development of a new general purpose income concept to replace Adjusted Gross Income as the basic classifier in SOI;

- elimination of paper error register and implementation of an on-line system in the service centers

- looking into the use of the SOI Distributed Processing System (DPS) for basic individual study;

- use of the so called "super sample" to produce state data;

- the interface of the electronic filing of tax returns with the SOI processing system; and

- moving certain Data Center consistency tests to the service centers.

Sample Design. -- Over the planning period minor refinements may be made to our sample design, however we plan on maintaining its basic concepts. For instance, as a result of our "missing returns" initiatives the point of sample designation may be moved from the National Computer Center (NCC) to each service center. Our sample is selected using a transform of the primary Social Security Number (SSN) or certain ending digits of the SSN of returns from the Continuous Work History Sample (CWHS). For even numbered tax years, the regular sample is about 83,000 returns. For odd numbered tax years, the regular sample is about 120,000 returns [2]. The CWHS sample for even years is about 9,700 returns; for odd years it is about 19,400 returns. In addition to the regular sample selected, about 170,000 returns are selected to improve the reliability of state estimates. For odd tax years, beyond the 290,000 returns (120,000 + 170,000) selected using the primary SSN, about 190,000 more returns are selected using the secondary SSN. The secondary SSN CWHS ending digits or transforms of the secondary SSN are the same as those applied to the primary SSN. Consequently, for odd tax years, the overall total sample size is about 480,000 returns.

Another area of research on sample redesign is also underway. The intent of this work is to focus on incorporating the designation of the Taxpayer Usage Study (TPUS) sample into that of the basic program.

Finally, the dilemma of prior year returns will be resolved. One major complicating factor in the basic individual study processing is the presence of prior-year return records in the statistical files. About three to four percent of the files for recent tax years has been made up of this type of return. The presence of these records necessitates the existence of Data Center consistency tests for each subject matter area, depending upon the frequency of tax law changes affecting the area. In order to streamline the processing of prior-year return records, processing will be limited to current-year and the most immediate prior-year return records. This will address about 98 percent of the sample returns. Data on the remaining "old" returns will reside in the file as they were reported.

Resources. -- The allocation of resources for these studies (shown in table 2) is based on the following assumptions:

- data abstraction and initial processing will continue to be carried out at all ten IRS service centers;
- data abstraction and initial processing for SOI will continue to be closely tied to IRS Revenue Processing;
- in areas where there are no tax law changes, the program and basic table specifications will be rolled-over from year-to-year;
- the number of articles prepared for the SOI Bulletin will remain constant at three to four per year;
- the items currently used from the Individual Master File will continue to be available;
- in areas where there are tax law changes, the cost of redesigning consistency tests and tables will be offset by the savings realized in computerized table review and publication processing; and
- in response to decreasing sample sizes, new techniques, will be implemented in order to maintain the integrity and reliability of the statistics produced.

SOLE PROPRIETORSHIP STUDIES

The studies in this area are undertaken largely for the Bureau of Economic Analysis (BEA) and the U.S. Department of Agriculture (USDA) and involve obtaining data on receipts, deductions, and net income or loss from Schedules C and F attached to returns in the basic individual samples.

Current Studies. -- There are two regularly conducted studies in the Sole proprietorship area. These are the Nonfarm and Farm Proprietorship Studies.

1. Nonfarm Proprietorship Study. -- This study is conducted annually and focuses on the income and deduction items reported on Form 1040, Schedule C, Profit or Loss from Business or Profession. The major product of the study is the Selected Financial Data (SFD) Report. This report is prepared from the complete SOI basic sample processed during the filing year and contains selected income and deduction items for nonfarm sole proprietorships in over two hundred industries. The report is produced for BEA within four months after the close of the filing year and is used in updating the National Income and Product Accounts. Copies are also provided to the Office of Tax Analysis and the Joint Committee on Taxation. Results of the SFD Report will also be published in the Spring edition of the SOI Bulletin.

2. Farm Proprietorship Study. -- This study is conducted quinquennially in Agricultural and Economic Census years (1982, 1987, 1992, etc.), for USDA. The major product, which is a computer tape file, contains return records, in the complete SOI basic sample which have farm (Schedule F) information. The data are used to estimate total farm activity and to augment USDA's farm survey information for specific income and deduction items. Upon completion of the study, data will be released in an SOI Bulletin article coauthored by members of the SOI Division and the Economic Research Service, USDA.

New initiatives. -- In addition, to the research being done on the various aspects of the basic individual study which will also have a direct impact on the sole proprietorship studies, research into the industry coding of business records continues. In the most important of the efforts, the SOI Division, Tax Forms and Publications Division, and the Census Bureau have worked in concert to develop changes to the tax forms instructions which will allow for accurate self-coding, beginning with the Tax Year 1985 pilot. The success of this initiative will greatly increase the reliability of revenue processing data and, therefore, reduce the need for the costly SOI processing which now occurs in this area.

Improvements to the computer processing system instituted for the recent sole proprietorship studies proved successful and will be continued. The 1985 system will provide for computer extraction of data from the revenue processing tape system for as many as three Schedules C and two Schedules F. This is the maximum number of schedules available on tape [3]. Also, the complete set of consistency and validity tests continue to be applied to the proprietorship portion of the record during service center and post-service center processing. This allows most error resolution of proprietorship data to take place with the returns available.

Resources. -- The allocation of resources for the sole proprietorship studies (shown in table 2) is much the same as for the basic individual studies; however, several additional assumptions have been made and are mentioned below:

- the number of proprietorship schedules currently available from the Individual Master File will continue as at present;
- the Bureau of Economic Analysis will continue to sponsor the nonfarm portion of the program annually; and
- the Department of Agriculture will continue to sponsor the farm portion of the program every five years.

FOREIGN INCOME STUDIES

The studies in this area focus on foreign earned income and foreign tax credit reported on the individual income tax return. Congressionally mandated, they are conducted for the Office of Tax Analysis (OTA) every four years. Last completed for Tax Year 1979, the current studies are for Tax Year 1983.

Current Studies. -- Data for the two 1983 foreign studies are being obtained from Form 2555, Foreign Earned Income, and Form 1116, Foreign Tax Credit. These forms are filed as attachments to the Form 1040, *Individual Income Tax Return*. The final products of these two studies will consist of a computer tape of the microdata files for OTA and tabulations for two SOI Bulletin articles. The study of Forms 2555 will contain data by the country in which an individual earned income and the type of resident status abroad. The study of Forms 1116 will contain data for each type of foreign source income by the country to which foreign taxes were paid or accrued. The current studies will culminate late in Fiscal Year 1986 with the delivery of tables and tape file to OTA. Publication plans call for two articles in the SOI Bulletin in Fiscal Year 1987.

Future Studies. -- The samples for these Tax Year 1983 studies were integrated into the overall sample for the basic individual program via the addition of four new sample strata. This will continue for Tax Year 1987.

The Form 2555 study for Tax Year 1987 will be based on a sample of approximately 7,500 individual income tax returns which are (by statute) filed at the Philadelphia Service Center. The total population is estimated at 160,000 returns. The sample will be based on the size of positive amounts of total income (PAT) or negative amounts of total income (NAT) of the taxpayer reported on the Form 1040.

The Form 1116 study for Tax Year 1987 will also be based on a modification of the basic individual program. However, the sample will consist of approximately 5,000 individual income tax returns filed nationwide. The total population is estimated at 400,000 returns and the selection of the sample returns with foreign tax credit will be based on the size of PAT or NAT of the taxpayer.

With completion of SCRS, with the introduction of the on-line ERS and the Service's new emphasis on quality, an environment in which it is entirely possible that more perfection of Form 2555 during revenue processing may occur. The SOI Division will actively explore this possibility for the Tax Year 1987 study [4].

Processing for the Tax Year 1983 Form 1116 study was conducted initially at all ten service centers. Initial processing for the Form 2555 study was conducted at the Philadelphia Service Center. As a program innovation for Tax Year 1983, this editing was completed during the basic program processing. These data were transmitted to the Data Center as part of the basic individual program.

To improve the timeliness and reduce the costs of these studies, innovations scheduled for inclusion as part of the Tax Year 1987 program include full service center processing of all Form 1116 records concurrent with the basic individual program. Post service center consistency testing and error resolution are also planned as part of the basic individual program. Finally, it is assumed that software development for all table programs will take place at the National Office utilizing a user-friendly software package.

Resources. -- The resources required to complete the 1987 foreign studies are based on economics gained from concurrent processing with the Basic Individual Study, as well as continued utilization of the Philadelphia Service Center for manual error resolution.

SALES OF CAPITAL ASSETS AND RELATED STUDIES

Studies providing data on sales of capital assets have been included in our plans on a periodic basis.

These studies have focused on the sales of capital assets reported on Schedule D, Form 1040, and supplementary schedules for providing transaction data on sales of residences (Form 2119), sales of personal and business depreciable property (Form 4797), and computation of installment sale income (Form 6252). The sample used for the 1981 Sales of Capital Assets (SOCA) Study was 60,497 returns subsampled from the Individual SOI Basic File [5].

Beginning with the 1973 Sales of Capital Assets study, efforts were made to develop a "panel" of the same taxpayers over a period of time to permit longitudinal analysis of the pattern of reporting gains and losses. Using the 1973 study as the nucleus, a subsample of about 11,000 returns was designated as the panel sample, and returns of individuals in this sample were obtained for the two years prior to, and the two years subsequent to Tax Year 1973, to provide a five year panel. This procedure was again used in association with the 1981 SOCA study, providing the 1979-1983 Abbreviated Capital Gains Panel, which was delivered to OTA in February 1986. This panel contains approximately 11,750 records with all the income, deduction, and transaction detail for Tax Year 1981; but records with only income and deduction data for Tax Years 1979, 1980, 1982, and 1983. The Office of Tax Analysis will use this study to conduct research on the effects of relevant tax laws. No tabulations based on the Panel data have been published, nor are there any current plans to publish such data.

Future Studies. -- The Sales of Capital Assets studies are conducted on a five year cycle. The next study will be based on Tax Year 1986 returns. The next 5-year panel study covers the years 1984-1988. The returns for the 1986 study will be identified by computer at the time of regular SOI sampling. Such data items as are needed from the Returns Transaction File (including identifying information) will be preprinted on an error register. The editors will verify and correct these items, then fill in additional worksheets to cover each transaction reported on Schedule D or related schedules.

Return for return, the Sales of Capital Assets studies are among the most expensive that the Branch processes. Extensive editing is required for each return, and the decisions are frequently quite complicated. Given the budget constraints of the next four years, it is imperative that cheaper methods of conducting these projects be found. One source of savings might be a reduction in the number of asset types for which we code the transactions. Considerable resources might be saved if we code only nine or so asset types rather than the approximately thirty coded for the 1981 study.

In addition, during Fiscal Year 1986 extensive research based on the abbreviated capital gains panel study for 1979-83 will be undertaken in order to establish the methods and procedures we will use for subsequent studies.

Resources. -- The allocation of resources for these studies (shown in Table 2) is based on the following assumptions:

- a five-year cycle for the Sales of Capital Assets Study based on a sample of 50,000 individual income tax returns;

- five-year panel studies consisting of a subsample of 12,000 returns statistically processed for SOCA study; preliminary version will contain transaction data for the core year only; final versions will contain transaction data for all five years.

- the manual work (editing and error resolution) will continue to be done at two service centers; and

- development of a data-capture system that will make use of information on the Returns Transaction File, to minimize manual editing and reduce controlling costs.

REIMBURSABLE STUDIES

The studies in this area are undertaken for various sponsors on a reimbursable basis. Except as noted, sample design, computer processing, quality assurance, and quality measurement issues are similar to the basic individual studies.

Indochinese Refugee Study. -- This study will be conducted annually for the Office of Refugee Resettlement and will provide tax return information (in the form of tables) on individuals displaced by the Vietnam War who have settled in the United States.

New York Individual Income Tax Return Study. -- This study is conducted for the State of New York. Each year, an extract of New York taxpayers is taken from the basic SOI individual statistical file and provided to the New York State Department of Revenue. Currently, this extract is done at the Data Center; however, we are currently exploring the possibility of doing this work in the National Office, beginning with Tax Year 1986.

Resources. -- The resources required to complete the reimbursable studies were established on the premise that the sponsors will renew the agreements over the planning period and that the processing will continue to be essentially a roll-over. As such, the costs are assumed to be fairly constant over time.

COMPLEMENTARY STUDIES

The studies in this area provide statistical users within and outside of the Treasury Department more specific and, in some cases, different information than that which is available from the regular SOI publications. Data for two studies, the Marginal Tax Rate study and the Taxpayers Age 65 and Over study are by-products of the information processed for the basic individual studies. Our plans call for no change in the presentation of the data on both Marginal Tax Rates and Age 65 and Over as focused material in the SOI Bulletin.

Resources. -- As by-products of the Basic Individual Studies costs as such for the Complementary Studies are not shown separately, but are included in the totals for the basic program.

NOTES AND REFERENCES

[1] In addition to the estimates produced from the statistical samples, Individual Master File tabulations are generated containing a number of these items. Tabulations of data from returns that have been processed in the IRS revenue processing system and have posted to the Individual Master File are received monthly by the SOI Division. Reports from these tabulations are sent to the Office of Tax Analysis, Joint Committee on Taxation, and are used internally to verify and sometimes impute data in the basic statistical file.

[2] The 83,000 and 120,000 size samples are used to produce the SOI publication estimates. The larger size sample of 120,000 returns corresponds to the Office of Tax Analysis (OTA) "tax model" (odd numbered) years and the 83,000 size to other (even) tax years. The SOI sample for OTA "tax model" years consists of about 70 percent of returns without Schedules C and F. The remaining 30 percent of the sample have at least one Schedule C or F attached, as well as other forms and schedules.

[3] Schedules above the 3C/2F maximum filed with the return are combined during revenue processing so that financial data from all Schedule C and F attached to a given return are accounted for on the transaction file.

[4] Returns Transaction File data was used as part of the foreign earned income study for Tax Year 1983. However, preliminary analyses show these data are of limited worth because of poor quality stemming from the lack of emphasis placed on perfecting it during revenue processing.

[5] It should be noted that the returns that are designated for the Sales of Capital Assets sample are a random subsample of the basic Individual SOI file, and only about 55 percent of the returns contain transaction data.

Table 1. -- Individual Studies: Number of Codes, Items, and Tables, Population and Sample Sizes, Tax Years 1984-1992

Item	Tax Year								
	1984	1985	1986	1987	1988	1989	1990	1991	1992
Number of codes and items:									
Basic, total	357	357	357	357	357	357	357	357	357
Computer-printed	329	329	329	329	329	329	329	329	329
Manually edited	28	28	28	28	28	28	28	28	28
Sole Proprietorship, total 1/	188	188	188	227	188	188	188	188	227
Computer-printed	64	64	64	63	64	64	64	64	64
Manually edited	123	124	124	163	124	124	124	124	163
Foreign, total	9	9	9	129	9	9	9	129	9
Computer-printed	9	9	9	9	9	9	9	9	9
Manually edited	0	0	0	120	0	0	0	120	0
Sales of Capital Assets, total	187	187	187	197	187	187	187	187	187
Computer-printed	172	172	172	172	172	172	172	172	172
Manually edited	15	15	15	15	15	15	15	15	15
Number of tables:									
Basic, total 2 /	43	43	43	43	43	43	43	43	43
Published in annual report	18	18	18	18	18	18	18	18	18
High income nontaxable	12	12	12	12	12	12	12	12	12
Reimbursable	7	7	7	7	7	7	7	7	7
Analytical	6	6	6	6	6	6	6	6	6
Sole Proprietorship, total	11	11	11	14	11	11	11	11	14
Published	3	3	3	3	3	3	3	3	3
Reimbursable	1	1	1	1	1	1	1	1	1
Analytical	7	7	7	10	7	7	7	7	10
Foreign, total	0	0	0	0	0	0	0	18	0
Published	0	0	0	0	0	0	0	9	0
Supplemental	0	0	0	0	0	0	0	9	0
Number of returns (in thousands):									
Population, total 3/	99,837	102,870	104,970	107,566	110,106	111,884	113,512	115,140	116,791
Sole Proprietorship portion	12,113	12,363	12,582	12,760	12,945	13,242	13,476	13,678	13,870
Foreign portion	550	550	550	550	550	550	550	550	550
SOI Sample, total	83	120	83	130	83	120	83	120	93
Basic	51	88	51	88	51	88	51	88	51
Sole Proprietorship 4/	32	32	32	42	32	32	32	32	42
Foreign 5/	-	-	-	13	-	-	-	13	-
Sales of Capital Assets 5/	12	12	50	12	12	12	12	50	12
Total Designated Sample	425	425	425	425	425	425	425	425	425
Primary Designation	285	285	285	285	285	285	285	285	285
Secondary Designation	140	140	140	140	140	140	140	140	140
Continuous Work History Sample:									
SOI Sample	10	20	10	20	10	20	10	20	10
Total Designed Sample	100	100	100	100	100	100	100	100	100

1/ For Economic and Agriculture Census years (Tax Years with ending digits 2 or 7), the sole proprietorship portion of the program will include additional Schedule C and F items requested by the Bureau of Economic Analysis and the U.S. Department of Agriculture, respectively.

2/ The number of tables produced is expected to remain stable for Tax Year 1984-1992. However, because of increased sampling variability due to small sample sizes in even-numbered years, the number of published tables and the amount of detail presented in these tables will be limited. Tables not published will be treated as analytic tables and will be available upon request on a reimbursable basis.

3/ Population projections are from Document 6186A, Number of Returns to be Filed, Department of the Treasury, Internal Revenue Service, September 1984.

4/ For Economic and Agriculture Census years, the sole proprietorship portion of the sample will be augmented by additional farm returns.

5/ The number of returns in the foreign portion and for the sales of capital assets are included in the basic portion of the SOI sample. Therefore, detail does not add to the SOI Sample, total.

TABLE 2.--BASIC INDIVIDUAL PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART I - BASIC INDIVIDUAL SOI PROGRAM																					
TOTAL	29.5	30.1	34.2	27.1	28.2	26.4	28.1	43.6	43.9	50.5	42.7	41.3	39.6	43.2	64.7	65.2	74.4	63.7	61.6	59.4	64.2
1984 TAX YEAR	10.4							17.5							26.5						
1985 TAX YEAR	18.1	9.3						24.4	15.3						35.7	23.4					
1986 TAX YEAR	1.0	19.8	9.1					1.7	26.5	15.0					2.5	38.8	23.0				
1987 TAX YEAR		1.1	24.1	10.0					2.1	33.8	18.1					3.0	48.9	27.7			
1988 TAX YEAR			1.0	16.2	9.1					1.7	22.9	14.7					2.5	38.7	22.6		
1989 TAX YEAR				1.0	18.1	9.3					1.7	25.0	15.1					2.4	36.7	28.3	
1990 TAX YEAR					1.0	16.2	9.1					1.6	22.7	14.3					2.4	33.4	22.1
1991 TAX YEAR						0.9	18.1						1.8	27.2						2.6	39.8
1992 TAX YEAR							0.9							1.6							2.4
PART II - CYCLED STUDIES PROGRAM																					
TOTAL	2.5	5.1	11.8	8.7	7.1	8.4	1.9	4.1	8.7	15.7	13.1	10.4	11.9	3.2	6.8	12.7	22.3	18.3	14.7	16.8	4.6
1983 TAX YEAR	2.5	0.6						4.1	1.2						6.3	1.7					
1985 TAX YEAR		0.7	6.7	0.3					1.4	8.6	0.5					2.0	12.2	0.8			
1986 TAX YEAR		3.4	3.6	0.4					5.4	4.8	0.8					8.0	6.8	1.1			
1987 TAX YEAR		0.3	1.4	7.5	3.2	0.3	*		0.7	2.3	10.9	4.7	0.5	0.1		1.0	3.3	15.0	6.7	0.7	0.1
1988 TAX YEAR					0.9	3.7	0.3					1.6	5.2	0.5					2.3	7.3	0.7
1989 TAX YEAR				0.5	3.0	4.0	0.3				1.0	4.1	5.5	0.5				1.4	5.6	7.8	0.8
1991 TAX YEAR						0.3	1.4						0.6	2.1						0.9	3.0

TABLE 2.--BASIC INDIVIDUAL PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92 - CONTINUED

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART III - REIMBUR STUDIES: BASIC PROGRAM																					
TOTAL	2.3	2.3	2.3	2.8	2.8	2.8	2.8	3.9	3.7	3.8	4.7	4.6	4.6	4.6	5.6	5.5	5.5	6.9	6.8	6.8	6.8
1983 TAX YEAR	1.3	1.3	1.3					2.6	2.5	2.6					3.7	3.6	3.7				
1984 TAX YEAR	1.0							1.2							1.8						
1985 TAX YEAR	0.1	0.9						0.1	1.1						0.2	1.7					
1986 TAX YEAR		0.1	0.9						0.1	1.1						0.2	1.7				
1987 TAX YEAR			0.1	0.9						0.1	1.1						0.2	1.7			
1988 TAX YEAR				0.1	0.9						0.1	1.1						0.2	1.7		
1989 TAX YEAR				1.8	1.8	2.7	1.8				3.5	3.5	4.5	3.4				5.0	5.1	6.6	4.9
1990 TAX YEAR						0.1	0.9						0.1	1.1						0.2	1.7
1991 TAX YEAR							0.1							0.1							0.2

APPENDIX

Quality Assurance Initiatives in the Basic Individual Study

Some of the current quality assurance procedures that are an important part of the mainstream processing will be continued or expanded. One such process is the review of the service center consensus sample results. To complete the consensus sample process the SOI Division staff prepares a small sample of returns covering most of the major error conditions in the service center testing process and ships identical sets of these returns to each service center to test tax examiners understanding of the process. National Office review of the results of the service center correction process are used to evaluate the quality of the service center editors on SOI data before or at the beginning of production implementation. Findings from the consensus sample results are used to identify and change problems in interpretation of the processing and correction instructions among the service centers.

Perhaps the most standard and comprehensive quality assurance effort employed in SOI processing for the individual program is the computerized checking at the service centers and later at the Data Center. SOI data is monitored through a series of computerized consistency and validity checks to ensure that all mathematical errors and inconsistencies are removed from the return data. Discussion later in this chapter of the service center processing and the Data Center processing describes changes and improvements we plan in these areas.

Although a subsample of SOI individual returns has been selected for "quality measurement" review for several years, the actual analysis and output effort has been limited. This is the area that SOI has begun to develop and expand, and will continue to improve.

The intent of the quality measurement program is to estimate the total nonsampling error introduced during each stage of processing insofar as these affect the quality of the final product. This is accomplished by conducting an independent reprocessing of a small subsample of the returns previously processed for the study, and then analyzing the findings within the SOI Division to determine whether the error was introduced during the "mainline" revenue processing, SOI processing (editing or transcription), or the final file processing. The errors found on the return records are also weighted up to the population to gauge the extent of nonsampling error contained in the SOI data. Starting with Tax Year 1985, plans call for incorporating the results in a published compendium on quality.

Tax Year 1984. -- The Quality Measurement (QM) sample for Tax Year 1984 was approximately 1600 returns. Quality measurement for Tax Year 1984 is limited to identifying differences without attributing error or cause of error. The purpose of this type of study is to change the quality measurement method to one that is quantitative and systematically produced. The Tax Year 1984 returns were reviewed at the Cincinnati Service Center, results keyed at the National Office, and a report including weighted gross differences and analysis will be available in April, 1986. Two weighted gross differences will be calculated. The first difference will be between data on the return and data on the Returns Transaction File (RTF), and the second between data on the return and the final SOI consistency tested data. The weighted gross

differences will be based on QM weights which, in turn, will be based on the stratified sampling methodology for the SOI sample. Additional analysis of the weighted differences will include a discussion of the estimated frequency for the selected fields.

In addition to this quantifiable QM study for 1984, SOI staff will review returns from the 400,000+ return sample (see discussion of Sample Design) that were identified as having potential error conditions based on service center SOI consistency testing which will be run at the Ogden Service Center. About 200 such returns will be examined for error conditions. The results of this study will be published as part of the SOI 1984 annual report.

Tax Year 1985. -- This is the year for which SOI scheduled the change in service center processing from a July start to a February start. This is only the first, but perhaps the single most dramatic step for SOI in its plans to provide assistance to the revenue processing effort of improving quality. The move to begin SOI processing in February rather than July coupled with several new pilot programs entails using considerable resources.

Beginning this year, quality indicators have been incorporated into the service center consistency tests. RTF data are subjected to these tests. The quality indicators were designed to identify questionable relationships in the data that were already being tested and reviewed for revenue processing purposes. As an output of this effort, summary totals for each indicator for each cycle will be provided to service center statisticians and the National Office on a weekly basis. The National Office will prepare a weekly summary report.

Based on our experiences we plan to improve and increase the service center quality indicators for TY 1986. The information gathered for the TY 1985 reports will provide valuable insight for such improvements and for the modification or addition of quality indicators.

The SOI Error Definition Pilot began in early March, 1986, and will continue throughout the calendar year.

As part of our effort we plan to share our ideas and findings with the Program Analysis Staff (PAS). Ideally, both can benefit from such sharing. Although PAS has several projects currently underway; there are a number of strengths that SOI can lend to this error analysis effort. One such strength is the ability through use of our stratified sample to define, describe and project findings systematically.

SOI will again select a QM sample of about 1600 returns. Using our knowledge and analysis from 1984, SOI staff will select key fields for weighted gross comparisons between return data, RTF data, SOI data after our service center processing, and final SOI data. Computer processing, rather than manual processing for the Tax Year 1985 QM study will yield more efficient and accurate results. Tape files for RTF data, post service center processing SOI data, and final SOI data will be used to develop three of the fields for each income or tax item analyzed in the sample. Only data from the actual return will need to be manually edited and keyed.

APPENDIX-Cont..

Tax Year 1986. -- The essence of this effort will be to expand the program of the previous year and move forward from a pilot toward full fledged tools of quality measurement. In addition, we plan to use the quality indicators at one service center to develop in test mode a weekly index of RTF data quality. To develop the index, the indicators will be weighted and a time series approach will be used to develop the index. We expect a first version of the index could be produced for Processing Year 1987. The pilot project will only be used to study the effectiveness of the individual quality indicators and the dependability of this type of index.

Chapter 7

OTHER INDIVIDUAL BRANCH STUDIES*

This chapter provides information on certain statistical programs underway and planned based on forms generally filed by individuals, excluding the annual Statistics of Income (SOI) Individual Income Tax Returns program. The statistical studies included here are: Individual Tax Model Development and Related Studies, the Taxpayer Usage Study and Related Projects, Treasury Special Requests, and Reimbursable Studies. For each of the ongoing studies, this chapter will discuss the current work, plans for the future, and outline the resource implications of these studies as now envisioned.

SIGNIFICANT CHANGES FROM THE PREVIOUS OPERATING PLAN

Staffing and budgetary restrictions have caused some changes to be made to this plan, as compared to the previous plan. In general, this plan reflects a cutback in the total program over the next five years. The Sales of Capital Assets and Capital Gains Panel Studies have been transferred to the Returns Analysis Section, and are discussed in Chapter 6. The other significant changes are briefly described below:

Individual Tax Model and Related Studies. -- The Schedule C Public Use File is changed to include records for which adjusted gross income (AGI) exceeds $500,000, rather than $200,000 [1]. This change will make the file more useful to researchers, without increasing the potential for identifying taxpayers, since records with AGI under $500,000 are included in the file on a sample basis. In order to provide further protection against identification, it was decided to disguise the income item, salaries and wages, on the Individual Tax Model. In addition, resources have been added to the operating plan for further research on disclosure issues.

Taxpayer Usage Study. -- Under the current plan the sampled returns are completely edited at the service centers using an on-line technology. In the previous year's plan, a partial editing was done at the service centers, with a more complete editing at the Data Center.

Treasury Special Studies. -- The Form W-2 Earnings Statement Study and the Information Program (IRP) Study were discussed under separate headings last year. Regarding the Form W-2 Study, it was anticipated, in the previous plan, that these data would be enhanced with the addition of age and sex codes [2]. However, the project to obtain age and sex of those individuals included in the 1983 Individual SOI file has been cancelled to accommodate the budget.

*By Peter Sailer, Chief, Individual Special Projects Section. Important contributions were made by Charles Crossed of that Section, as well as Cathy Katz, Chief, Individual Operations Section.

The IRP Study, which the previous plan indicated would be conducted every odd-numbered year beginning with the 1981 study, will not be conducted again until fiscal year 1988, covering tax year 1987 documents.

Reimbursable Studies. -- Resources devoted to the Taxpayer Occupation Studies will be less than anticipated under the previous plan. The result of this is that the series of SOI Bulletin articles will not begin until Spring 1987.

INDIVIDUAL TAX MODEL AND RELATED STUDIES

The Tax Model is a microdata file which consists of detailed information taken from a stratified probability sample of individual income tax returns. The file was first established by the IRS in 1960 and was issued biennially through 1966 and annually thereafter [3]. The Tax Model for Tax Year 1983 consists of 122,889 returns. For each of these, up to 40 codes and 160 data items are included on the file. Weights for 1983 vary from a high of over 3,200 (returns with total income or total loss of generally under $20,000) to 1.00 (returns with total income or loss of at least $1,000,000) [4].

There are two basic products which comprise what we term the Tax Model: unidentifiable microdata files (files which can be purchased by anyone); and special tabulation requests (tables run by the IRS which are specifically tailored to user demands).

Public Use File. -- The public use versions of the Tax Model are provided on a reimbursable basis in an unidentifiable form, with names, social security numbers, and other identifying information omitted. Prior to Tax Year 1980, only the basic tax return data, plus limited information on Schedules A, B, D, and E, were available on public use files.

The availability of information provided by public use files was increased in 1980 when data from sole proprietorships (Schedules C and F) were offered in public use form for the first time. Current plans call for the repetition of the Schedule C public use file for 1983, and for all succeeding odd-numbered years. These files will be subsets of the basic SOI files containing business income and deduction fields for all Schedules C in that sample, with the following modifications:

- multiple Schedules C for the same taxpayer will be combined;
- records for which gross receipts exceed $5 million, or AGI exceeds $500,000, will not be shown;
- the total receipts and net income less loss fields will be "blurred," (as explained below); and,
- all data fields will be rounded to four significant digits.

In 1983, as a result of mounting concern over the public availability of information which could lead to possible identification of individual taxpayers, a thorough examination of the public use version of the Tax Model

File was undertaken. This examination led to an increase in the confidentiality protection of our public use files. Specifically, the following steps were taken: First, all data items are now being rounded to four significant digits. Second, further disguising of certain data items was deemed necessary (including wages and salaries, as well as alimony paid and received, and various deduction items for taxes paid). This disguising of data has been done by a process called "blurring." The file is sorted from largest to smallest value for a data item; then, for every ten records in descending order, the average of that data item is calculated. This average then replaces the original value of that data item for each of the ten records. This "blurring" continues until that part of the sample with zero values for that data item is reached.

Because of the still growing availability of computerized microdata files from various sources, the need for further disclosure protection measures will be the subject of continuing research. In particular, research is needed on whether even the blurred fields, when used in combination with other data available for the same taxpayer, can identify individuals. It may be that just the presence of certain items (such as alimony), when used in conjunction with other information, may serve to pinpoint an individual, no matter how "blurred" the amounts are. It is also possible that we may have to abandon the 100 percent stratum--the income level above which all returns are sampled. If the user cannot be completely certain whether or not a certain individual is in the file, identifying that individual (even if he is in the sample) becomes much more difficult [5]. A paper summarizing the results of our research will be prepared for presentation at a future meeting of the American Statistical Association.

The present tax model system of using tapes is extremely cumbersome. We are studying ways of increasing access through providing time-sharing and through the sale of floppy disks for subsets of the file. The Individual Operations Section will be monitoring and coordinating this activity. In addition, the Individual Operations Section is also researching ways of standardizing the creation of public use files and their specifications. The latter could take advantage of the growing use of personal computers.

Research will be conducted to determine the usefulness of special purpose data files--for example, a data file that includes only records with age exemptions, or records with exemptions for blindness; or regional data files. These could be formatted on diskettes for use on personal computers, if there is a demand for such a format. These data files may also be semi-aggregrated to facilitate processing. By combining records with similar characteristics, we can reduce the file size considerably, while still assuring that it can be used for modelling purposes.

Special Tabulation Requests. -- Tables that relate to individual income tax returns are tailored to a particular user's specifications, and are programmed in user-friendly languages, such as the Generalized Tabulation System (GTS).

A series of data files is maintained at the Data Center and is designed to produce tables on certain subject-matter areas with relatively short turn-around time. The primary use made of these files has been to simulate

and review the impact of tax law changes, as well as to provide general statistical tabulations relating to sources of income and taxes paid by individuals. After suppressing data that could lead to possible identification of individual taxpayers, the tables are provided to users within IRS, Treasury, or the Congress on a non-reimbursable basis and on a reimbursable basis to universities and colleges, trade associations and other private researchers.

During the past year, over a dozen special tabulations have been produced to fulfill requests from private-sector organizations, from within IRS, and from other government agencies. Projects are currently underway for the National Technical Institute for the Deaf, and Department of Taxation of the State of Virginia. Based on the last few years' experience, we know that many more requests will be received in the course of the year. Resources have been allocated to cover these projects under the heading "Tax Model Activities."

During FY 1986, a leaflet or flyer will be developed to explain that special tabulations from various files can be provided at cost. Also, an explanation of this service will be developed for use in presentations to various user groups. It is anticipated that this subject can be addressed briefly in papers presented by various SOI Division employees at statistical conferences and data user meetings, such as meetings of the Federal Statistical Users Conference, the Association of Public Data Users, as well as the Washington Statistical Society and the American Statistical Association.

Reliable State Estimates. -- The 1983 Individual Tax Model file consists of a sample of 122,889 individual income tax return records. This file is considered too small to provide state-level data estimates, which means that many requests for tabulations cannot be accepted. However, the potential exists for using a larger sample from the IRS administrative records file (the Individual Master File) instead of the SOI sample for producing state data. For Tax Year 1983, a supplemental sample (Level III) was drawn, and records need only be consistency tested and weighted to make it a viable source of geographic data. However, to process such a sample, substantial funding will be required. Aggressive marketing among tax analysts in the various state capitals is needed to put together a consortium of potential users, who would share the costs of producing the file.

Resources. -- The allocation of resources for these studies (shown in table 2) is based on the following assumptions:

- the Individual Tax Model is to be produced annually and the price of the public use version will be set so that we will "break even" if we sell eight copies;

- the Sole Proprietorship (Schedule C) Public Use File is to be produced for odd-numbered tax years only and its price will be set so that we will break even if we sell four copies;

- file creation will be handled by the Individual Operations Section;

- the Individual Special Projects Section will conduct research on disclosure problems;

- the Individual Special Projects Section will produce all requested tabulations, using GTS or other user-friendly statistical packages.

TAXPAYER USAGE (TPUS) AND RELATED STUDIES

This study of the taxpayer's use of individual income tax returns (Forms 1040, 1040A, and 1040EZ) has been done annually since 1969. The study focuses on the frequency of specific line entries made by the taxpayers, the use of various return schedules and associated forms, as well as general characteristics of the individual taxpayer population. For 1986, the sample size has been set at 20,000 returns (2,000 per service center). In contrast to the previous 6,700 return sample, the new sample size should enable us to report reasonably accurate results at the service center as well as the national level.

Current Studies. -- This year, for the first time, the sampled returns are completely edited at the service centers using an on-line technology. Data are entered directly from the tax return with the computer prompting and directing the editor through the process. The data are no longer abstracted onto an edit sheet, as they were in previous years. Validity testing is also performed at the time of key entry. These data will automatically be tabulated in each service center and a limited amount of information will be telecommunicated to the National Office on a weekly basis. This weekly report is distributed widely throughout the National Office, the seven regional offices, and the ten service centers. In addition, each service center will be able to use the personal computers by which they transmitted their data to the National Office to retrieve weighted reports for their service center or for other service centers.

Every month, the data cumulated for the period will be sent to the Andover Service Center for consolidation and production of a monthly table, which will provide more detailed information than the weekly report. At the end of the tax filing season, the cumulated data will be sent to the Data Center on magnetic tape, where the annual tabulations will be produced. An SOI Bulletin article will be prepared, providing an analysis of the annual tabulations.

Until last year, the cut-off at the end of the filing season was the final cut-off for the TPUS program. However, in recent years, more and more taxpayers have been filing after the April 15 due date, taking advantage of the automatic extension of time to file (currently, an automatic four-month extension). Therefore, the service centers will continue to process returns through the end of August, and the Data Center will re-run the tables in September.

Future Studies. -- With the proposed installation of a Vax 11/780 in the Statistics of Income Division, it will be possible to remove the processing of the final tables from the Data Center and do them in-house, beginning with the 1987 TPUS program. The monthly tabulations will also be transferred to the

in-house facility at that time.

Long-range plans are to continue to take advantage of technological advances to reduce the cost of the TPUS program. These include the integration of the objectives of the TPUS and the full SOI study into one system. The concept is to identify and process sampled returns when they first encounter a computer. Refund returns would be identified during initial key entry by the Realtime Input System (RIS) and full paid returns would be identified by the Remittance Processing System (RPS). Sampling will be performed by matching the primary SSN of each return processed to a data base containing SSN's of previously selected SOI returns. Once sampled, SOI returns will be revenue processed, then immediately downloaded to a system for on-line editing and error resolution of the additional SOI data. Preliminary statistics, similar to those currently produced by TPUS, would be produced at both the service center and national levels. We will probably have to wait until SCRS (the Service Center Replacement System) is operating satisfactorily before we implement such a system with Computer Services. However, we will begin coordination of this work with Computer Services by preparing a Request for Data Services during the next few months.

Related Studies. -- Success in integrating the TPUS operation with mainline Individual Master File (IMF) processing would represent a major breakthrough for all statistical studies for which a sample of returns (but not the full population) is required. The largest sample the SOI Division is currently drawing from the IMF is the Individual Statistics of Income sample, which is discussed in detail in Chapter 6. An on-line input system, as recommended above, would result in both a substantial reduction in controlling costs and much earlier statistics. In addition, a number of projects which are currently done with 100 percent of the returns could easily be done with a sample of returns, if some way could be found to process this sample on a timely basis without incurring large controlling costs. In addition to the integration of TPUS into the IMF SOI program, we also plan to incorporate two entirely new objectives, as discussed below.

- Quality Assurance (QA) Program. -- The system described above would facilitate an on-line quality assurance review of revenue processing data provided during pipeline processing. To minimize processing costs, the review would be conducted as an integral part of the SOI edit and error resolution functions. It would be designed to provide immediate feedback on data quality to both service center management and Returns Processing and Accounting Division personnel in the National Office. The system would include a cumulative data base to be used to provide additional information on problems identified during the on-going product reviews. The data base concept would also provide an excellent source for evaluation and cost benefit analysis of proposed system and processing changes.

- Joint/Non-Joint W-2 Data For SSA. -- W-2 data for the Social Security Administration (SSA) are currently being provided by Computer Services, which codes all returns for the number of W-2's attached for each taxpayer. Using one of our samples, perhaps the Level III Sample, we could produce the W-2 data on a sample basis and weight

them up to the population. We would then produce W-2 tables for joint and non-joint returns. Once SOI produces these data for SSA, our goal would be to produce the W-2 tables several times a year to get early warning signals of possible problems in the data. Using the new alternative means of capturing micro-data on a sample basis in lieu of full population data may reduce substantially the current costs of producing these data for SSA [6].

Both of the above proposals would increase the unit processing costs of the SOI returns. However, this expense would be offset in two ways: first, by the value of the quality feedback; and second, through reimbursable support. On-line processing of SOI data during revenue processing would also reduce SOI controlling costs since returns would no longer be pulled from files.

Resources for the Current TPUS Program. -- The allocation of resources for this study (shown in Table 2) is based on the following assumptions:

- both the weekly and the final summary reports will continue to be produced;
- the weekly reports will be produced in all ten service centers, with the results telecommunicated via microcomputer to the National Office;
- a monthly table will be produced at the Andover Service Center;
- the annual end-of-filing season tabulations will be produced at the Detroit Data Center; they will be re-run for returns received through the end of August;
- data capture for Tax Year 1985 will be through an on-line key-entry system at the ten service centers;
- data will be subjected to validity testing as they are input at the service centers.

TREASURY SPECIAL STUDIES

Many of the services provided to the Office of Tax Analysis (OTA) in the Department of the Treasury are related to the projects discussed in the two previous sections. Throughout the year, the Individual Special Projects Section provides to OTA special tabulations based on the Individual Tax Model and the Taxpayer Usage Study. In addition, we prepare other files for the analysis of specific questions which cannot be answered with data from the Tax Model or TPUS programs. These files are discussed below.

In addition to the specific projects discussed in this section, there is also a project entitled "Treasury Special Projects," which was created to set aside resources to provide additional data to OTA as needed. As the proposed tax reform legislation is considered in Congress, new questions will arise. It is our intention to respond to Treasury's questions in an expeditious

manner. When we foresee a need for data, we should offer the service to OTA.

Form W-2 Earnings Statement Study. -- Statistical studies based on the Form W-2, Wage and Tax Statement, were conducted for Tax Years 1969, 1974, 1979 and 1981. There were two basic purposes for these studies: (1) comparison of income reported on W-2's to that reported on tax returns; and (2) dividing salaries on joint returns between those earned by the husband and those earned by the wife. For 1969 and 1974, Forms W-2 filed with the Form 1040 were edited manually. Beginning with the 1979 study, data were obtained from IRS's Information Returns Selective System (IRSS), although, for 1979, a code was still edited at the time the 1040 was processed to indicate how many W-2's were filed by each taxpayer.

The Form W-2 data for Tax Year 1979 have been completed, and were published in the Spring 1985 SOI Bulletin in connection with an article on income and tax items by sex of taxpayer [7]. While a fair number of problems were encountered because of missing Forms W-2, we were able to develop imputation algorithms using the edited W-2 codes. In the absence of such codes for Tax Year 1981, the W-2 data were drastically understated. Since no imputation algorithm could be developed, we decided not to publish the 1981 data. We are continuing to do the 1983 W-2 Study by extracting the employers' copies of the W-2's from the IRSS. For the 1983 Study, we moved the requested date from February to September 1985, in order to minimize the number of missing W-2's. By using information available from Schedule W (Computation of the Two-Earner Deduction), we will also be able to impute missing W-2 data. In future years, if anticipated resources are realized, we will have an even better check by using the planned Joint/Non-Joint W-2 Data from the SSA Study cited above.

It is planned that the Form W-2 study will be conducted for odd-numbered Tax Years (i.e., 1985, 1987) and made an integral part of the tax model file provided to OTA for its policy simulation studies. Even more accurate W-2 information could be obtained by editing W-2's attached to returns in the SOI sample. Funds for such a project might become available from the Social Security Administration in time for the 1985 study. This process will become a part of the regular SOI program, and responsibility for this stage of the study will reside in the Individual Returns Analysis Section. However, processing W-2's during mainline processing will not provide any indication of non-filing or underreporting. The Research Division in particular has expressed interest in our files to aid in their measure of underreporting. Therefore, we will expand the W-2 Study and continue to extract W-2 information from the Information Returns Selection System (IRSS) and match these data to the Basic 1040 file on a reimbursable basis.

The Individual Special Projects Section plans to enhance future Form W-2 Studies by including data by sex and age. A project was in progress during FY 1985 to obtain the sex and age of each taxpayer in the 1983 Individual SOI file. While this project was cancelled because of lack of resources, the work can be resumed whenever funds become available. Basically, the plan is to develop a computerized dictionary of first names which will automatically sex-code the returns, and to obtain the age code from the year-of-birth file provided to IRS by the Social Security Administration for administrative purposes.

Information Returns Program (IRP) Match Project. -- The purpose of this project is to develop a data file that contains a sample of records of all individuals that received income from any source that is reported to IRS. While this file includes tax return data, it is not limited to individuals who file returns.

A matched file was completed in the summer of 1985. It consisted of the 0.05 percent Continuous Work History Sample, which is a subset of the 1981 Individual SOI sample. In addition to the Form 1040 series of individual tax returns, this file contains data from the information documents filed with IRS by the payers (that is, employers and financial institutions) including the Forms W-2 and W-2P; the Form 1099 series; and the Form 1087 series of documents [8].

When more than one of the above-named records occurred for the same individual, a merged record was compiled. Some records contained only tax return data, others only information record data. This file can be used to estimate both unreported income of tax return filers and non-filers (income reported on information record, but not on tax return, or no tax return filed). Potential users include OTA and the Research Division.

As was noted, we have matched the 1981 Information Returns to their corresponding 1981 income tax return records. Currently, we are in the process of conducting follow-up research. To isolate true underreporters from processing errors, or taxpayer errors, we have selected a sample of returns from the matched file to conduct research. Copies of about 100 returns are being obtained to determine if there is any apparent reason for discrepancies with the information documents. In addition, research may be conducted at a service center, where the IRP program is administered.

After analyzing the tax return data, it may be necessary to do extensive follow-up research on IRP processing in the service centers by taking extracts from the matched file and discussing our observations and data with knowledgeable contacts at the service centers. In particular, the guidance of personnel involved in the CP-2000 Program will be sought (this is the program in which taxpayers are contacted when their tax returns do not agree with their information documents). Areas of concentration in this phase will include finding reasons for mismatches and nonmatches between returns and information documents, and possible methods for improving match rates.

In addition, we plan to develop a method of adjusting our current estimates on underreporting of income involving salaries and wages, pensions and annuities, interest, and dividends. We know that because of processing problems, the reporting of income on the wrong line and unusual procedures for reporting of some income, some taxpayers erroneously appear to be underreporters in our file. Some situations will not require an examination of the actual tax return. For example, using the computerized file, we can list records with a difference in salaries and wages and pensions and annuities of $500 or more. From this listing, we can distinguish true underreporters from taxpayers who are disabled, and legitimately report their

pension income on the salaries and wage line. Other situations will, of course, require the examination of the tax returns. How much of this is done will depend on resources available and on Office of Tax Analysis' needs.

Future Plans. -- This study will next be conducted for Tax Year 1987 records. The sample is scheduled to consist of just under 20,000 individuals (two 4-digit SSN endings). There has been serious discussion about the possibility of a "return-free" income tax system. The matching of information documents to their corresponding tax returns will provide valuable quantitative information on the feasibility of such a system. Presumably, the information documents filed with IRS by payers will be the basis for computing income taxes.

The Research Division has discussed the possibility of partially funding some additional research on the 1987 study. This work would focus on providing a measure of potential income that IRS could collect from non-filers by determining the amount of income reported on the information documents. The final file will need to be purified to isolate missing documents as the result of IRP processing characteristics from true non-filers. For example, a number of documents on paper are never entered into the Information Returns Selection System (IRSS), and we should determine, at least for a subsample of taxpayers, the extent to which missing information has been filed on paper documents.

Resources. -- The allocation of resources for the Form W-2 study (shown in table 2) is based on the following assumptions:

- The W-2 Study will be conducted on a 2-year cycle;
- No manual editing will be employed (except for a small quality subsample); and,
- Matched data will be subjected to consistency testing and error correction procedures; missing W-2 data will be imputed.

The allocation of resources for the IRP Study is based on the following assumptions:

- The next IRP Study, covering returns for Tax Year 1987, to be conducted starting in Fiscal Year 1988;
- No manual editing will be employed (except for a small quality subsample);
- Matched data will be subjected to consistency testing and error correction procedures;
- Virtually no manual error resolution will be performed;
- After the system has proven successful, most computer programming will be rolled over to succeeding years.

- During FY 86, research will be conducted on the reasons for the major discrepancies between the tax return and IRSS data in the 1981 IRP Study.

REIMBURSABLE STUDIES

In addition to the Tax Model runs done on a reimbursable basis for parties outside the Department of the Treasury, the Individual Special Projects Section also performs a number of reimbursable studies which involve setting up new files, either by enhancing the existing Statistics of Income sample, or by drawing completely different samples from the Internal Revenue Service's files of administrative records. This section concentrates on some of these ongoing studies. In Fiscal Year 1985, approximately four staff years were devoted to reimbursable work. Because of recent reductions in the size of the Section, it is anticipated that the number of reimbursable projects taken on by the Section will have to be reduced in the future.

When such work is undertaken for another Government agency, or for private sector organizations, there are stringent procedures to avoid the possibility of disclosing the identity of any individual. The issue of disclosure in using administrative records is an important consideration [9].

These special studies require extensive coordination with IRS's Computer Services organization, and can usually be accommodated only at certain times of the year when the IRS workload will permit. For this reason, planning for such projects requires one year to eighteen months of lead time. The projects currently underway are shown below.

Taxpayer Occupation Studies. -- These studies began with an initial effort to provide an occupation code to a small sample of 1976 Individual Income Tax returns. From this work, a computerized occupation dictionary was developed and expanded with the occupation coding of the complete 1979 Individual SOI sample of 203,602 returns. Approximately 89 percent of the taxpayers' occupations that were provided on income tax returns were coded. The remaining taxpayer occupations that could not be coded using conventional techniques were assigned a code by statistical imputation methods. However, these methods proved to be unsatisfactory for many of these records. More exact procedures will be used to recode those records for which partial information is available. For example, for some of these records, the industry in which the taxpayer was employed is on the data record, but the occupation entry is absent or obscure. For others, there is a good occupation entry, but the industry code is absent. Our new imputation scheme will treat each of these cases differently.

Before we release any data coded with the help of the computerized dictionary, we are undertaking two comparisons of random selections of dictionary entries with codes generated by other methods. Both comparisons are currently underway. One compares results of computerized dictionary coding to occupation codes assigned during the Taxpayer Compliance Measurement Program (TCMP), first by editors in the service centers, then by auditors. The second compares dictionary entries to the results of a manual coding

effort at the Census Bureau.

Funding for this project is provided largely by the National Cancer Institute. The output from the project is threefold: an occupation dictionary that contains approximately 37,000 occupation titles and codes; a data file of 1979 Individual Income Tax return records that has been augmented by the occupation code of each taxpayer (both husband and wife on joint returns), as well as the sex of each taxpayer; and a series of articles in the SOI Bulletin, beginning with the Spring 1987 issue.

Mortality Statistics Study. -- The purpose of this study is to provide empirical data on the mortality differences between high-income taxpayers (for whom estate tax returns may be filed at time of death) and low-income taxpayers (for whom no such returns are filed). Data from the death certificate (which include the decedent's "usual" occupation) will be used to validate occupation data from the tax return, and will assist in determining the relationship between occupations and mortality. The study began in FY 1985 with the creation of a tickler file to access the National Death Index (NDI) [10]. Deaths registered on the NDI file began with those occurring in 1979. This initial study is in process for returns for Tax Year 1979. The sample size is approximately 358,000 records. The match with the NDI has been accomplished and the matches are currently being analyzed.

Of the 358,000 records from the 1979 Statistics of Income file, nearly 122,000 have been identified as potential matches to the NDI--in many cases, more than one NDI record has been identified as a potential match (a total of 356,000 NDI records were sent to us as potential matches). We are currently working, in cooperation with the Foreign Operations Section, on developing an algorithm to eliminate false matches from the file. Among the approaches being considered are the use of a data linkage package developed by Statistics Canada known as the Generalized Iterative Record Linkage System (GIRLS).

After false matches have been eliminated to the extent possible, requests for death certificates will be sent to the various state vital statistics offices. One of the products of this study will be a 1979 SOI sample enhanced with age, occupation, and cause-of-death information. The "age" component will be obtained through a data file match with Social Security Administration records. This will enable us to produce tabulations of mortality rates by occupation. The National Cancer Institute is sponsoring this study, for it is interested in studying mortality rates for cancer victims by occupation.

Department of Defense Occupation and Salary Studies. -- For the Department of Defense, we provide income information on persons separated from the Armed Forces. This study, mandated by law, consists of a sample of 300,000 individuals separated from the military service since 1972. The purpose of the study is to correlate training, military occupation, and years of military service with earnings after leaving the military. The salary study is conducted annually in cooperation with SSA, which provides income data for the earlier years. Current income data come from the information returns file at the National Computer Center.

In addition to the salary study, which we conduct annually, we are conducting an occupation study coding 40,000 military separatees. The Department of Defense will use this study, as well as the salary study, to evaluate their retirement and incentive pay systems. The occupation data will be obtained by manually abstracting occupation entries on tax returns at each of the ten service centers, and matching the entries against the computerized occupation dictionary at the Detroit Data Center. The processing on this study is expected to be completed with delivery to the sponsor by the end of the first quarter of FY 1987.

IMF Extract for Census Bureau. -- The Individual Special Projects Section is involved in providing the Bureau of the Census with an extract of data items from the Individual Master File and the Returns Transaction File. The data produced by the Census Bureau are subsequently reviewed and distributed by the SOI Division. These data show migration of taxpayers from county to county or state to state on an annual basis. Also available, beginning with Tax Year 1982, are tabulations showing income items reported by individual taxpayers, classified by county. These data are produced by Census for the Bureau of Economic Analysis (BEA) for use in their small area data estimates. After it is determined that the data are disclosure-proofed, they are reproduced on tape and hard copy and sold on a reimbursable basis.

Tax Return Data by ZIP Code. -- A project partially sponsored by Market Statistics provided tax return data by three-digit ZIP Codes for Tax Year 1982. These data were obtained from the Individual Master File. The results of this project were published in the Summer 1985 SOI Bulletin [11]. The purpose of the 1982 ZIP Code Project was not only to produce the 3-digit ZIP Code data for that year, but also to test the feasibility of providing much more extensive small-area data in future years. From the mid-1960's to the mid-1970's, IRS did provide much more extensive small-area data than are currently available. For example, income, exemption and tax data by adjusted gross income class were provided by 5-digit ZIP Code for 1966 and 1969, and by County for 1972 and 1974. More recently, resource constraints have kept us from providing any small-area data beyond that specifically paid for by local governments (New York and Kansas City) [12], or those created by the Census Bureau (discussed above). However, towards the middle of every decade, as Census data become less current, there is increased pressure from a number of researchers in local governments as well as from the private sector to create more up-to-date small-area data. A number of the requesters are willing to expend considerable resources to have IRS produce these data. These include local and regional government agencies who are planning for future needs for services, as well as private sector research firms engaged in market research. In addition to Market Statistics, potential sponsors include the Claritas Corporation, Duke University, the Tennessee Valley Authority, the East-West Gateway Council (a council of local governments in the St. Louis area), and the City of Detroit.

In order to be responsive to those users who need small area data, it is essential that we develop a generalized computer system for making disclosure checks. Experience with the 3-digit ZIP Code data has shown that manual checks are both cumbersome and subject to error, and developing a new computer system for each project is extremely time-consuming and expensive. We are

also currently exploring methods of entering county codes on tax returns, using the ZIP Code and other address information, or to convert ZIP Code into county data at the macro level. Disclosure concerns may force us to reduce the number of data items supplied to Census for its demographic research. If this happened, we might become the main supplier of income data by county to BEA and other interested users.

Other Reimbursable Studies. -- Ohio University requested that we provide tabulations on the post-graduation income of individuals who participated in the State's vocational training programs. It is the hope and intention of Ohio University to duplicate this study in future years, perhaps on an annual basis.

The Veterans Administration (VA) annually receives income data from recipients of VA benefits as required in the administration of the program. VA has requested a tabulation that will provide a comparison of income reported to that agency, with income as reported on the individual's income tax return. This tabulation will be based on 2.5 million records. Records from VA will be matched with records for the same individuals on the IMF. The combined record file will be used to produce a tabulation comparing incomes of various categories of recipients.

The Social Security Administration (SSA) has requested an IMF extract of income items for approximately 50,000 individuals who receive social security benefits. Each year SSA mails out 40 million Forms 1099 at a cost of $11 million, while only about 10 percent of the recipients are required to report such incomes. With the tabulations that will be provided from the IMF extract, SSA will be able to develop a profile for groups of recipients considered to be low-risk in terms of the need to report social security benefits.

The Office of Veterans Affairs, Small Business Administration (SBA) needs information on the number of Vietnam era veterans that are involved in small business ownership. SBA has arranged for VA to provide a magnetic tape containing identifying information for 6 million Vietnam era veterans. Matching against the IMF, IRS will produce a tabulation that will show the number of veterans who are owners of sole proprietorships, partnerships, and small business corporations, by State.

The Sole Proprietorship Historical Source Book was conceived because of a need by the statistical community for a convenient, focused source of the large volume of sole proprietorship historical SOI data. It will include data beginning with Tax Year 1957, and will be updated annually. Data will be available, on a reimbursable basis, on computer tape or as hard-copy printouts. The initial release, to be made during FY 1986, will cover Tax Years 1957-83, and consist of seven data items for approximately 200 minor industries. The data items are: number of returns, business receipts, depreciation, taxes paid, interest deduction, payroll, and net profit (less loss). The tables will be accompanied by a "Description" booklet.

Resources. -- The allocation of resources for these studies (shown in table 2) is based on the following assumptions:

- for two of these studies, the output is being created in advance, based on the assumption that a large number of users will purchase all or part of the data. These are the Census Projects (County Migration and County Income Data) and the Sole Proprietorship Source Book;

- for the remaining studies (10 in all), work is being charged to a specific customer as it is completed;

- additional requests are anticipated in the course of the Fiscal Year.

NOTES AND REFERENCES

[1] The gross receipts cut-off remains at $5,000,000, and all returns with amounts above this level will not be shown separately.

[2] The last time a file was coded for sex of taxpayer was for Tax Year 1979.

[3] The original Tax Model was a subsample of 101,920 records (each record representing one tax return) taken from the then Statistics of Income (SOI) sample of 436,690 records. This model was based on a stratified probability sample of all individual returns filed during 1961, and this sample (and the model) simulated the total population of returns by using weighting factors that took into account income class and type of individual tax form filed. The weights varied from a high of 1,330.25 (i.e., Forms 1040A returns) to a low of 1.0 (Form 1040 returns with Adjusted Gross Income (AGI) greater than or equal to $150,000). This first model contained 17 data items and 7 codes.

Since 1960, the Tax Model has changed, offering more information and using more sophisticated sampling techniques. Over the years, codes and items have been added (e.g., in 1977 State codes for individuals with AGI less than $200,000 were added) to the point where the 1983 Individual Tax Model file has 160 data items and 40 codes.

[4] The total income or loss concept used in selecting the 1983 sample was the larger of the absolute value of "positive amounts, total" (PAT) or "negative amounts, total" (NAT). PAT was computed by adding all positive sources of income on each return, NAT by adding all negative sources.

[5] For a detailed discussion of disclosure problems connected with the release of microdata files, see "Disclosure Risk and Disclosure Avoidance" by Gerhard Paass, draft paper prepared for the German Federal Ministry for Research and Technology (ref. IT 3105 3).

[6] Most of this cost is now borne by other IRS components, and is not shown in the cost data in this report.

[7] Crabbe, Patricia A., and Gross, Elizabeth L., "Taxpayers Classified by Sex," SOI Bulletin, Spring 1985, Volume 4, Number 4, pages 13-38.

[8] The Forms W-2 and W-2P provide data on wages and salaries, and pension and annuity payments to individuals. The Form 1099 series provides data

on interest payments, corporate dividends, distributions from partnerships, Small Business Corporations, fiduciaries, certain government payments, miscellaneous income, taxable distributions received from cooperatives, distributions from profit sharing, retirement plans and individual retirement accounts, as well as certain other payments. The Forms 1087 correspond to equivalent Forms 1099. They are filed by anyone receiving a 1099 showing income that actually belongs to another person.

[9] Wilson, Oliver, and Smith, William J., "Access to Tax Records for Statistical Purposes," and Spruill, Nancy, "The Confidentiality and Analytic Usefulness of Masked Business Microdata," Statistics of Income and Related Administrative Record Research: 1983, Selected Papers Given at the 1983 Annual Meeting of the American Statistical Association in Toronto, Canada, August 15-18, 1983.

[10] NDI is a central, computerized index of death record information compiled from information submitted to the National Center for Health Statistics by state vital statistics offices. Death registration is a state responsibility, with death certificates filed in the state in which death occurs. For more details, see U.S. Department of Health and Human Services, Public Health Service, Users Manual--The National Death Index, DHHS Publication No (PHS)81-1148, September 1981.

[11] Kalish, Bob, and Lock Oh, H., "Individual Income Tax by ZIP Code Area, 1979 and 1982," SOI Bulletin, Summer 1985, Volume 5, Number 1, pages 1-27.

[12] The City of New York, Department of City Planning requested that we extract data from the Individual Master File, and match it to data from New York City files. The results of this project are to provide income tax data (salaries and wages, adjusted gross income, filing status, and exemptions) for geographic areas within New York City. During Fiscal Year 1986, Tax Year 1984 data will be provided to New York City.

The Kansas City Development Department requested that we use the Individual Master File, to extract and tabulate seven specific tax return items by 5-digit ZIP Code. These data will be used by Kansas City for enterprise zone applications and revenue forecasting. Tax Year 1984 data will be provided during 1986 and it is anticipated that these data will be provided every year.

Table 1. -- Other Individual Branch Studies: Measures of Population, Samples, and Program Content

(Population and sample counts in thousands of returns)

Subject matter	1983 (1)	1984 (2)	1985 (3)	1986 (4)	1987 (5)	1988 (6)	1989 (7)	1990 (8)	1991 (9)	1992 (10)
Taxpayer Usage Study										
Population (000).....	96,496	100,930	103,976	105,657	108,325	110,568	112,288	114,041	115,654	117,127
Sample (000).....	7	7	21	21	21	21	21	21	21	21
Total codes & items..	80	80	80	80	80	80	80	80	80	101
Wage and Tax Statement Tape Extract										
Population (000).....	96,496	---	103,976	---	108,325	---	112,288	---	115,654	---
Sample (000).....	120	---	120	---	120	---	120	---	120	---
Total codes & items..	56	---	56	---	56	---	56	---	56	---
IRP Match Project										
1/ Population (000).....	---	---	---	---	108,325	---	112,288	---	115,175	---
Sample (000).....	---	---	---	---	20		20	---	20	---
Total codes & items..	---	---	---	---	26		26	---	26	---
Individual Tax Model										
Population (000).....	96,496	100,930	103,976	105,657	108,325	110,568	112,288	114,041	115,654	117,127
Sample (000).....	120	83	120	83	130	83	120	83	120	83
Total codes & items..	190	190	190	190	190	190	190	190	190	190

1/Population expected to exceed the number of returns filed; see description study.

TABLE 2.--SPECIAL INDIVIDUAL PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART I - REIMBUR STUDIES: SPECIAL PROGRAM																					
TOTAL	5.9	5.3	3.5	4.0	3.5	3.8	4.5	9.7	9.4	6.3	6.7	6.0	6.3	7.8	14.5	14.1	9.1	9.8	8.8	9.2	11.4
1982 TAX YEAR	0.4							0.4							0.7						
1983 TAX YEAR	2.2	1.6						3.5	2.9						5.5	4.7					
1984 TAX YEAR	0.8							1.0							1.4						
1985 TAX YEAR	0.4	0.8						0.5	1.0						0.8	1.5					
1986 TAX YEAR	2.1	0.6	0.6	0.3				4.3	0.7	0.7	0.3				6.1	1.1	1.1	0.5			
1987 TAX YEAR		2.4	0.6	0.8					4.7	0.7	1.0					6.8	1.1	1.5			
1988 TAX YEAR			2.4	0.6	0.6					4.8	0.7	0.7					6.9	1.1	1.1		
1989 TAX YEAR				2.4	0.6	0.8					4.7	0.7	1.0					6.8	1.1	1.6	
1990 TAX YEAR					2.4	0.6	0.6					4.6	0.7	0.7					6.6	1.1	1.1
1991 TAX YEAR						2.4	2.5						4.6	4.3						6.6	6.3
1992 TAX YEAR							1.4							2.7							4.0
PART II - TAX MODEL CREATION PROGRAM																					
TOTAL	1.0	0.4	0.5	0.5	0.5	0.5	0.5	2.1	0.8	1.1	1.1	1.0	1.0	1.0	3.1	1.1	1.6	1.5	1.4	1.4	1.4
1983 TAX YEAR	0.3							0.7							1.0						
1984 TAX YEAR	0.7	0.2						1.5	0.4						2.1	0.6					
1985 TAX YEAR		0.2	0.3						0.4	0.7						0.6	1.0				
1986 TAX YEAR			0.2	0.3						0.4	0.7						0.6	1.0			
1987 TAX YEAR				0.2	0.3						0.4	0.7						0.5	1.0		
1988 TAX YEAR					0.2	0.4						0.3	0.7						0.4	1.0	
1989 TAX YEAR						0.2	0.4						0.3	0.7						0.4	1.0
1990 TAX YEAR							0.2							0.3							0.4

TABLE 2.--SPECIAL INDIVIDUAL PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92 - CONTINUED

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART III - TAXPAYER USAGE STUDY PROGRAM																					
TOTAL	4.2	4.4	4.4	4.4	4.1	4.1	4.1	6.1	6.6	6.7	6.9	6.4	6.2	6.2	8.8	9.6	9.5	9.8	9.1	8.9	8.8
1984 TAX YEAR	0.1							0.1							0.2						
1985 TAX YEAR	3.9	*						5.5	0.1						8.0	0.1					
1986 TAX YEAR	0.2	3.9	*					0.4	5.6	0.1					0.6	8.1	0.1				
1987 TAX YEAR		0.5	3.9	*					1.0	5.6	0.1					1.4	8.0	0.1			
1988 TAX YEAR			0.5	3.9	*					1.0	5.8	0.1					1.5	8.3	0.1		
1989 TAX YEAR				0.5	3.9	*					1.0	5.9	0.1					1.4	8.4	0.1	
1990 TAX YEAR					0.2	3.9	*					0.4	5.8	0.1					0.6	8.2	0.1
1991 TAX YEAR						0.2	3.9						0.4	5.7						0.6	8.1
1992 TAX YEAR							0.2							0.4							0.6
PART IV - TREASURY STUDIES PROGRAM																					
TOTAL	3.8	2.7	3.6	2.3	3.9	3.5	3.6	7.2	5.3	6.5	4.6	6.9	6.5	6.3	11.0	7.9	9.8	7.1	10.4	9.9	9.5
1981 TAX YEAR	0.3							0.6							0.9						
1982 TAX YEAR	0.4							0.8							1.3						
1983 TAX YEAR	1.9	0.8	0.4					3.5	1.6	0.9					5.4	2.3	1.2				
1984 TAX YEAR	1.2	0.9						2.2	1.8						3.4	2.8					
1985 TAX YEAR		1.0	2.4	0.1					1.8	4.3	0.1					2.8	6.4	0.2			
1986 TAX YEAR			0.7	1.4						1.4	2.8						2.2	4.3			
1987 TAX YEAR				0.9	2.7	0.8	0.2				1.7	4.8	1.3	0.3				2.6	7.1	1.8	0.4
1988 TAX YEAR					0.7	1.4						1.4	2.7						2.1	4.3	
1989 TAX YEAR						0.9	2.7						1.7	4.7						2.6	7.0
1990 TAX YEAR					0.4		0.7					0.8		1.3					1.2		2.1
1991 TAX YEAR						0.4							0.8							1.2	

TABLE 2.--SPECIAL INDIVIDUAL PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92 - CONTINUED

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART V - OCCUPATION STUDIES PROGRAM																					
TOTAL	2.0	0.5	1.1	1.1	1.0	1.0	1.0	2.5	0.6	1.4	1.4	1.3	1.2	1.2	3.7	0.9	2.1	2.1	1.9	1.9	1.9
1982 TAX YEAR	2.0	0.5						2.5	0.6						3.7	0.9					
1988 TAX YEAR			1.1							1.4							2.1				
1989 TAX YEAR				1.1							1.4							2.1			
1990 TAX YEAR					1.0							1.3							1.9		
1991 TAX YEAR						1.0							1.2							1.9	
1992 TAX YEAR							1.0							1.2							1.9

Chapter 8

FOREIGN STATISTICS BRANCH*

This chapter summarizes and highlights the Foreign Area and Special Studies programs covered in the next two chapters. The chapter is organized into five parts. First there is a general discussion of various outputs produced by the Foreign Branch. Following this section is a discussion of changes that are new this year. Next there is a discussion of improved methodologies that have been, or will be, introduced into the Foreign and Domestic Special Studies programs over the near term. There is a discussion of research initiatives that the Foreign Branch has planned for the future. Finally, resources are then discussed on a project, tax year, and location basis.

BRANCH PRODUCTS

Outputs for the Foreign Branch studies consist of several types of media. "Error-free" microdata computer tape files are produced for almost all Foreign Area Related and Special Studies. For those studies that we do not furnish tapes, we instead provide tables, listings, and, in some cases, copies of returns. Computer generated (or manually prepared) tables and listings are produced for all studies. Outputs from every study are made available to the Office of Tax Analysis and the Joint Committee on Taxation, and to appropriate areas of the Service. Outputs are also furnished on request (after review for disclosure) to other Government agencies, universities, trade associations and private citizens.

The Foreign Statistics Branch regularly produces articles for the quarterly SOI Bulletin on Foreign Branch topics in the international, wealth, energy, and exempt organization areas. The Foreign Branch periodically releases compendiums containing reprints of selected Foreign Statistics Branch articles appearing in the SOI Bulletin [1]. There will be three compendiums: one focusing on the international area, and the other two focusing on wealth and exempt organizations respectively. The first compendium, on International studies, was published in September 1985. This compendium provides a quick and easy reference for any data requests related to our Foreign Area Studies Program. The second compendium will focus on the estate and personal wealth area; it is to appear in the Fall of 1987. The third compendium will focus on the exempt area, primarily Section 501(c)(3) organizations, and will be issued in the Fall of 1988.

The format of the three compendiums will be similar. Each will contain reprints of articles appearing in the SOI Bulletin and articles on other studies published for the first time. Also to be included are any ASA papers on the subject, previously unpublished tables, explanation of terms (where needed) and facsimiles of forms. We will also attempt to explore in each of the compendiums how our data relate to data on the same subject published elsewhere, particularly by other Government agencies.

*By Dan Skelly, Chief, Foreign Statistics Branch.

PROGRESS ON STRATEGIC INITIATIVES BEGUN IN RECENT YEARS

Shift in Processing Locations. -- Transcription for the 1983 Exempt studies and 1986 Estate studies was moved from the Data Center to the Philadelphia Service Center in 1985. Transcription for the Intergenerational Wealth and Gift Tax Pilot studies was moved from Detroit to Ogden Service Center, also in 1985. Moving the transcription to the site where the returns are edited reduces overall processing time for the studies. In the case of the estate study, since the software is in place at the site where editing, transcription and error resolution are being done, substantial time and resource savings will be realized over time.

This year marks the second year of our commitment to phase work out of the Data Center and instead move the work to the service centers, National Office or contractors. By the end of 1986 we will have contracted out or will be doing in-house all Foreign Branch studies except for the Foreign Tax Credit/ Foreign Corporation studies. As regards manual work, starting with the 1986 programs, all of the work formerly done at the Data Center (transcription, editing and error resolution) will be done at the service centers.

Move to More Efficient Processing Methods. -- We have made greater use of Master File data. We currently use Master File data in the Estate Collation, Windfall Profit, Superfund and Exempt Organization programs. We recently started using corporate transaction tape data in conjunction with our 1983 Possessions study. We are utilizing manually edited data to check the quality of fiduciary data from the Master File system. We have been working closely with the Returns Processing and Accounting Division to improve the quality of exempt organization data. This should greatly improve the quality of the annual exempt organization tabulations we receive from the Master File system. This year also marks the first year we will be computer designating private foundation returns. This will aid considerally in the control of returns for this study.

We will be moving some of our work this year to the IBM look-alike National Advance System (NAS) computer systems in Detroit. We will be developing the software for matching decedents and heirs for the Intergenerational Wealth study on this equipment. We also plan to use the software package Statistical Analysis System (SAS) on the IBM look-alike hardware to generate tables for the Intergenerational Wealth study.

A microcomputer is being used to set up a control system for the 1983 Exempt studies. Currently we are developing the Foundation Administrative Expense and Gift Tax Pilot studies on a microcomputer. In addition much of the work on the quarterly Windfall Profit is done in-house using a microcomputer.

To reduce resources and time expended in error resolution we are expanding the number of automatic corrections in all Foreign Branch studies. In the 1980 CFC and FTC studies computer corrections were introduced for certain consistency test errors. We expanded the number of computer corrections for the 1982 studies and made substantial additions to the number of computer corrections for the 1984 studies.

We plan to rollover the specifications for our studies as much as possible. There was close to a 100 percent rollover of the requirements for the 1983 Exempt Organization studies and 1986 Estate study. The Windfall Profit and Superfund studies are almost a 100 percent rollover. We made only those changes necessary because of tax law changes to the specifications for the 1984 FTC and FC studies.

Longitudinal Panel Studies. -- The sampling plan for our annual Exempt Organization studies (private foundations and nonprofit charitable organizations) is longitudinal in design so that starting with the 1982 studies we will be able to track the same organizations over time. This will allow us to examine the characteristics of particular organizations over time. (Because of staffing shortages in the National Office, we have cancelled the 1984 studies but plan to conduct the studies annually again starting with the 1985 studies.)

Copies of selected Exempt Organization, Estate, Intergenerational Wealth, Private Activity Bond and Windfall Profit tape files being provided to OTA are being retained in the SOI Division. In addition we are obtaining the revenue processing tape files for Exempt Organizations, Estates, Gifts, and Fiduciaries. Our goal is to use these tape files in such a way that panel studies can be developed on a short notice basis.

We are working with our Examination Division to piggyback on their study of Foreign Corporations. Once in place they will be picking up almost 100 percent of the items from the Form 5471 and related schedules. Because of staffing shortages, we have temporarily stopped work on this project.

Funding for Annual Exempt Organization Program. -- The National Center for Charitable Statistics (NCCS) has agreed to fund a substantial portion of the 1983 and 1984 exempt programs. The outputs from these annual studies will consist of tapes and tables each year, two SOI Bulletin articles and two research papers to be presented at professional meetings. This year we will be working with NCCS on a pilot effort to code exempt organizations by activity type. Initially each organization in the SOI sample of nonprofit charities will be assigned a single major activity or purpose code. In addition for our 1983 990 study we have initiated a pilot study that will examine expenditures of exempt organizations by program type.

Marketing. -- One of the major initiatives of the Division is to expand the market for our SOI products. This will allow us to more fully recoup all of the resources that have gone into the development of our products. The way we are accomplishing this in the Foreign Branch is by providing a statistical service in conjunction with the newly released Foreign Compendium. For a reimbursable fee, subscribers will receive in addition to the published compendium, new information on each study as it becomes available. We will use this same approach for the Exempt Organization and Wealth Compendiums.

STRATEGIC INITIATIVES FOR THE FUTURE

Computerized Disclosure Suppression. -- For the 1984 Combined Foreign study, we are developing table editing software. This will reduce the manual procedures for preventing the disclosure of identifiable taxpayer information

in our published tables. We will be making further enhancements for the 1986 studies and, by 1988, plan to have a computerized disclosure system in place.

On-Line Error Resolution. -- On-line error resolution was introduced into certain Foreign Branch studies last year. In the future, we expect to expand on-line error resolution to the Exempt and Estate projects. Beginning with the 1986 Foreign Tax Credit and Controlled Foreign Corporations studies, we will use demand terminals in the National Office in the error resolution process. Initially the testing will be limited to testing within a record. These terminals will permit subject matter specialists to directly access the data files during error resolution. With the use of demand terminals, we plan to identify and correct missing and erroneous data situations and to add missing records. For the 1988 studies, on-line error resolution will be expanded to include testing both within and between records.

Mini-Micro Computer Network. -- Starting in 1987, our plan is to use a network of microcomputers and a minicomputer at selected service centers tying in with similar equipment in the National Office. This development will allow each selected service center to consistency test its own file and also to print error registers and apply corrections. The National Office will have the capacity to print error registers and to apply corrections as well. The National Office will also have the capacity to download files to those service centers with minicomputers. This installation of a minicomputer system will provide for a Service Center/National Office network of processing permitting a completely integrated micro, mini, mainframe environment.

IBM Compatible (NAS) Computer Systems. -- We will be moving more of our work to the IBM look-alike NAS computer systems in Detroit. Our plan, over the next several years, is to shift the computer work for most of our Foreign Branch programs to IBM compatible equipment.

Longitudinal Samples. -- As mentioned previously we currently have in place a longitudinal sample for our exempt organization studies. We are also looking into the possibility of a longitudinal study of corporations with a foreign tax credit. We plan to do this by conducting a summary study of large corporations with a foreign tax credit (in our corporate sample) in those years when we do not conduct a full-scale FTC study. While this would not strictly be a panel study (since corporations that take a foreign tax credit in one year may not be eligible to take a credit in a subsequent year) it would be possible to trace corporations with a foreign tax credit over time.

Statistical Software Packages. -- The Branch will be exploring the feasibility of greater use of various statistical software packages such as Statistical Analysis System (SAS), Statistical Package for the Social Sciences (SPSS) and a data base package (dBase III). We will be producing tables for the Foundation Administrative Expense study using dBase III. Tables for the Intergenerational Wealth study are being programmed using SAS. Weights for the Windfall Profit study are being developed using SPSS. Our plan is to use the software package General Interactive Record Linkage System (GIRLS) for purposes of matching decedents and heirs for the Intergenerational Wealth study.

Master File Data. -- Plans are to make more use of Master File data. We are requesting special tabulations from the Master File system on 990-Ts, fiduciaries, and estates. This is in addition to the tabulations we currently receive on private foundations and other exempt organizations each year. We will be integrating revenue processing transaction data into the 1985 Private Foundation and 1986 Nonprofit Charitable studies. In addition, we will be integrating revenue processing data into our annual Estate studies starting in 1987. Use of transaction data will eliminate the need to edit for SOI any items picked up already during administrative processing. Items required solely for SOI would, however, still have to be edited and then linked to the Master File data. In addition we will consistency check all data captured whether they were obtained from revenue processing or added for SOI purposes only.

RESEARCH

We are undertaking a number of research projects to enable us to use our resources more efficiently without impacting the quality of our studies. For all future SOI studies, there will be a quality assurance program to evaluate the quality of various service center and Data Center SOI processing functions throughout the processing cycle of the studies. At the end of each study, a paper will be prepared focusing on the special abnormalities of the data, including such issues as reporting problems, unusual data situations and how certain items were handled in the processing cycle. A quality compendium that contains all of the quality assurance reports for each of the studies in the Division will be released in the Fall of 1986.

As mentioned previously, we will be making greater use of Master File data in our studies. Master File data will be integrated into the two Exempt studies in 1986 and 1987, and also into our 1986 Estates study. Only Master File data is used in the Estate Collation study. We make extensive use of Master File data in the Superfund, Windfall Profit studies and will be making use of Master File data in the Possessions area. In addition, we are validating Master File data for a small sample of fiduciary returns each year.

We are working closely with Returns Processing and Accounting Division and Employee Plans and Exempt Organization Technical Divisions personnel to substantially improve the quality of Exempt Organization data. Another quality comparison between SOI and revenue processing data will be done to test the quality of revenue processing data before it is released to the public. Even after this is done, SOI must approve any release of data. Use of Master File data will greatly improve the estimates from small returns which are sampled at a low rate in our SOI exempt organization studies.

We are conducting ongoing research into the incidence of taxation on households' before and after tax income [2]. We are working with the Office of Tax Analysis to establish a working file produced from a statistical match of our SOI individual file with the Current Population Survey file. The working file consists of tax unit records grouped by household. Preliminary results from this study were presented in a Conference on Tax Modelling. The results of our further research will be presented in a paper at the 1986 American Statistical Association meetings.

We are exploring the possibility of conducting summary FTC studies in odd years. These studies would provide summarized foreign income and tax data for all corporations claiming a foreign tax credit in the corporation sample. Data classified by industry would be produced and could be compared to the larger scale studies conducted in the even years.

In conjunction with our Wealth studies in which we attempt to measure wealth of the living population using the inverse of the population mortality rates, we are undertaking a research project to examine the mortality rate of the wealthy compared to the population as a whole to see if we need to make changes in our wealth differentials. This project involves linking asset and demographic information from estate returns with information on occupation and cause of death reported on death certificates. This study will examine two areas heretofore little explored; the use of estate tax wealth as a proxy for socioeconomic status; and the probable difference in cause of death between wealthy individuals and the general population. We will obtain as a final output of this study, mortality differentials by age, marital status, sex, and cause of death.

The Statistics of Income Division has undertaken a long-term research project involving all estate tax returns filed since the inception of the tax in 1916 [3]. The study will focus on the changes in the concentration of wealth during the period and the intergenerational transfer of wealth, as well as the history of the estate tax system. The asset composition, available demographic information, and an analysis of beneficiaries of the estates will be areas of emphasis.

The National Science Foundation has funded a series of three conferences to take place this calendar year to discuss the scientific value of the Intergenerational Wealth project to researchers and to come up with a strategy for releasing data in a public use format. The first conference will be held in March and will discuss all potential uses of the data base to ensure that all information is being picked up and to address the matching issue and disclosure avoidance aspects of the project. Results from the editing of the 1916-1935 portion of the study will be discussed. Growing out of the conference, two papers will be prepared, one on matching and one on disclosure avoidance. These will be presented at the second conference. After comments and suggestions have been incorporated, final reports on these topics, along with a paper on analytical issues, will be presented at the third conference.

Work will continue on this project only as long as resources permit. We plan to tie in this project with our annual Estates program. For example, we have been capturing information on beneficiaries of large estates from 1982 onwards. Ideally, our goal is to obtain financial backing from both within and outside the government community to keep work on this project moving forward.

Finally, we plan, over the next several years, to compare SOI foreign and domestic area data to similar data produced by other Government agencies. We plan to examine the similarities and differences in data sets. Plans are to produce periodic American Statistical Association papers that would be reprinted in the Compendium.

RESOURCES

Resource Table A (at the end of this chapter) summarizes the direct costs for projects in the Foreign Statistics Branch [4]. More detailed costs for each project are shown in Table 2 of Chapters 9 and 10.

Resources for the Foreign Branch show for all locations over the period 1986-1992 an overall decline of 28 percent. The decline is greatest at the service centers going from 39 staff years in 1986 to 23 staff years in 1992, a decline of 41 percent. In the National Office, resources remain stable at about 27 staff years over this period. The Foreign Branch will be doing more work than ever over this period, including assuming the responsibility for the FSC and IC DISC studies and also expanding the development of systems software in-house.

There is a 41 percent decrease in resources at the Data Center over the period 1986-1992. By the end of 1987, all manual work will be moved out of the Data Center to the service centers. The only work remaining in the Data Center after 1987 is the systems analysis and design for the Combined Foreign study. Systems work formerly done at the Data Center will almost exclusively be done using Foreign Branch staff resources.

NOTES AND REFERENCES

[1] Each of the compendiums will be produced on a cycled basis probably every five years or so as results warrant.

[2] An article entitled "Estimating After-Tax Income Using Matched SOI-CPS Data" by Philip Clark was presented at The Conference on Tax Modelling, Lac, Ste Marie, Quebec, Canada, September 17-19, 1985.

[3] A description of the plans for the Intergenerational Wealth study was presented in a paper entitled "The Intergenerational Wealth study: Prospects for Data Analysis - Methodological Research" by Mary Bentz at the Conference on Tax Modelling, Lac, Ste Marie, Quebec, Canada, September 17-19, 1985.

[4] The Summary Foreign Tax Credit study is not reflected in present staff year estimates; the study is contingent on resource availability and will involve on average expenditure of approximately one staff person per year.

FIGURE A.--FOREIGN AREA PROGRAMS: ESTIMATED STAFF YEARS BY PROJECT AND LOCATION. FISCAL YEARS 1986-1992

PROJECT	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
ALL LOCATIONS																					
FOREIGN AREA. TOTAL[1].....	75.4	58.4	62.4	57.2	56.8	54.2	54.2	108.9	88.1	91.9	87.2	86.9	82.5	82.1	158.3	128.0	133.0	125.2	125.6	119.1	119.0
CORP FOREIGN TAX CREDIT..	9.2	8.2	9.6	8.9	8.7	8.4	8.8	14.9	13.7	14.5	13.9	13.8	13.0	13.5	22.6	20.7	21.5	20.3	20.4	19.0	20.1
CONTROLLED FOREIGN CORPS.	9.6	7.8	10.2	8.4	9.4	7.3	9.3	15.6	12.5	15.2	13.0	14.5	11.2	14.1	23.8	18.8	22.3	18.9	21.4	16.4	20.8
DISC. IC-DISC AND FSC[2]...	3.5	2.8	2.2	2.1	2.1	2.1	2.1	6.3	4.9	4.0	3.7	3.7	3.6	3.8	9.2	7.1	5.7	5.3	5.4	5.3	5.5
INTERNATIONAL BOYCOTTS...	0.6	2.0	4.4	0.9	0.6	1.7	3.9	1.0	3.1	6.0	1.4	1.0	2.5	5.5	1.5	4.4	8.5	2.1	1.5	3.6	7.9
U.S. POSSESSIONS CORPS...	1.0	2.4	0.8	2.4	0.8	2.2	0.8	1.7	4.2	1.4	4.0	1.4	3.7	1.4	2.5	6.2	2.1	5.7	2.0	5.4	2.0
NONRESIDENT ALIEN INCOME.	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.6	1.6	1.6	1.6	1.6	1.6	1.6	2.3	2.3	2.4	2.3	2.3	2.3	2.3
PRIVATE FOUNDATION.....	2.5	2.2	3.6	3.1	2.9	2.8	2.8	3.9	3.5	5.4	4.8	4.5	4.2	4.3	5.6	5.0	7.8	6.9	6.4	6.0	6.2
CHARITABLE ORGANIZATIONS.	3.2	3.4	5.4	5.5	5.4	5.1	5.1	4.7	5.1	7.8	8.2	8.2	7.6	7.7	6.8	7.2	11.1	11.7	11.7	10.9	11.0
BASIC ESTATE SOI.....	4.1	4.8	3.2	3.0	4.1	2.7	1.2	6.5	6.4	4.6	4.7	5.9	3.8	1.8	9.3	9.0	6.6	6.7	8.3	5.3	2.6
FIDUCIARY STUDY.....	0.4	0.1	0.6	0.3	1.1	1.1	0.0	0.7	0.1	1.0	0.5	1.7	1.6	0.1	0.9	0.2	1.4	0.7	2.4	2.2	0.1
GIFT TAX STUDY.....	0.4	0.2	0.3	1.5	0.8	0.3	1.4	0.7	0.3	0.5	2.4	1.4	0.5	2.2	1.0	0.4	0.8	3.4	2.1	0.8	3.2
INTERGENERATIONAL WEALTH.	31.2	14.1	13.4	12.3	10.8	10.5	9.6	36.8	16.9	16.7	16.1	14.4	14.3	12.5	51.7	23.8	23.9	22.7	20.2	20.6	17.8
PRIVATE ACTIVITY BONDS...	1.2	1.6	1.6	1.5	1.5	1.5	1.5	2.2	2.9	2.9	2.7	2.7	2.5	2.6	3.2	4.1	4.2	3.8	3.8	3.7	3.8
WINDFALL PROFIT TAX.....	1.7	1.6	1.6	1.6	2.3	2.7	2.6	3.1	2.9	2.9	2.7	3.9	4.5	4.5	4.4	4.1	4.2	3.9	5.7	6.5	6.6
SUPERFUND.....	1.0	1.2	1.0	0.9	0.9	0.9	0.9	1.2	1.4	1.1	1.0	1.0	1.0	1.0	2.0	2.2	1.6	1.5	1.4	1.4	1.5
NATIONAL OFFICE																					
FOREIGN AREA. TOTAL[1].....	27.6	29.1	27.8	30.8	27.8	30.2	26.9	37.8	39.5	38.2	41.3	38.1	40.8	37.2	56.7	59.0	57.2	61.5	57.1	60.9	55.9
CORP FOREIGN TAX CREDIT..	3.4	4.3	3.5	4.6	3.4	4.5	3.4	4.8	5.8	4.8	6.2	4.7	6.0	4.7	7.1	8.7	7.2	9.3	7.0	9.0	7.0
CONTROLLED FOREIGN CORPS.	3.3	3.4	3.4	4.0	3.2	3.5	3.2	4.5	4.7	4.7	5.3	4.4	4.7	4.4	6.8	6.9	7.1	7.9	6.7	7.1	6.7
DISC. IC-DISC AND FSC [2]...	2.9	2.7	2.1	2.1	2.1	2.1	2.1	4.0	3.6	3.0	2.9	2.9	2.9	2.9	6.1	5.4	4.4	4.3	4.4	4.3	4.4
INTERNATIONAL BOYCOTTS...	0.4	1.3	1.6	0.6	0.4	1.0	1.4	0.6	1.8	2.2	0.8	0.6	1.4	2.0	0.9	2.6	3.2	1.3	0.9	2.0	3.0
U.S. POSSESSIONS CORPS...	0.7	1.5	0.6	2.0	0.7	1.9	0.7	1.0	2.1	0.9	2.6	0.9	2.6	0.9	1.5	3.2	1.3	3.9	1.3	3.8	1.4
NONRESIDENT ALIEN INCOME.	0.8	0.8	0.8	0.8	0.8	0.8	0.8	1.1	1.1	1.2	1.1	1.2	1.1	1.2	1.7	1.7	1.7	1.7	1.7	1.7	1.7
PRIVATE FOUNDATION.....	1.6	1.6	2.2	1.9	1.8	1.7	1.7	2.2	2.2	3.0	2.6	2.4	2.3	2.4	3.4	3.3	4.5	3.8	3.7	3.5	3.6
CHARITABLE ORGANIZATIONS.	1.6	1.9	2.6	2.8	2.8	2.8	2.8	2.3	2.6	3.6	3.8	3.9	3.8	3.9	3.4	3.9	5.4	5.7	5.8	5.6	5.8
BASIC ESTATE SOI.....	2.6	1.4	1.5	1.9	1.3	0.9	0.7	3.6	1.9	2.0	2.6	1.8	1.3	1.0	5.3	2.9	3.1	3.8	2.8	1.9	1.5
FIDUCIARY STUDY.....	0.3	0.1	0.5	0.3	0.7	0.6	0.0	0.4	0.1	0.7	0.4	1.0	0.9	0.1	0.7	0.1	1.0	0.6	1.5	1.3	0.1
GIFT TAX STUDY.....	0.4	0.2	0.3	0.9	0.8	0.3	0.9	0.5	0.2	0.4	1.3	1.1	0.4	1.3	0.8	0.4	0.6	1.9	1.7	0.7	2.0
INTERGENERATIONAL WEALTH.	1.4	1.1	1.5	1.6	1.1	1.6	1.5	2.0	1.5	2.1	2.2	1.5	2.1	2.1	3.0	2.2	3.1	3.2	2.2	3.2	3.1
PRIVATE ACTIVITY BONDS...	1.2	1.6	1.6	1.5	1.5	1.5	1.5	1.7	2.2	2.2	2.1	2.1	2.0	2.1	2.5	3.3	3.4	3.1	3.2	3.0	3.1
WINDFALL PROFIT TAX.....	1.7	1.6	1.6	1.6	2.3	2.5	2.5	2.3	2.2	2.2	2.1	3.1	3.4	3.4	3.5	3.3	3.3	3.2	4.7	5.0	5.2
SUPERFUND.....	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.9	0.9	0.9	0.9	0.9	0.9

Footnotes at end of table.

FIGURE A.--FOREIGN AREA PROGRAMS: ESTIMATED STAFF YEARS BY PROJECT AND LOCATION. FISCAL YEARS 1986-1992 - CONTINUED

PROJECT	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
DATA CENTER																					
FOREIGN AREA. TOTAL.....	9.2	6.1	5.1	2.4	3.8	3.0	4.0	15.4	10.8	9.3	4.5	7.0	5.8	7.1	25.5	17.9	15.4	7.5	11.6	9.7	11.8
CORP FOREIGN TAX CREDIT..	3.6	2.5	1.9	0.9	1.9	0.9	1.9	6.1	4.5	3.5	1.8	3.4	1.8	3.4	10.1	7.5	5.8	3.0	5.7	3.0	5.6
CONTROLLED FOREIGN CORPS.	4.2	2.2	1.9	0.9	1.8	0.9	1.8	7.1	4.0	3.5	1.8	3.3	1.7	3.2	11.7	6.6	5.7	2.9	5.5	2.8	5.3
DISC. IC-DISC AND FSC [2]...	0.4	0.1	0.0	*	*	*	*	0.8	0.2	0.1	*	*	*	*	1.2	0.3	0.2	0.1	0.1	0.1	0.1
INTERNATIONAL BOYCOTTS...	*	*	*	0.1	*	*	*	*	*	*	0.1	*	*	*	0.1	0.1	*	0.2	0.1	0.1	*
U.S. POSSESSIONS CORPS...	0.1	0.6	0.1	0.1	*	0.1	*	0.2	1.2	0.1	0.2	*	0.2	*	0.3	2.0	0.2	0.4	0.1	0.3	0.1
NONRESIDENT ALIEN INCOME.	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
PRIVATE FOUNDATION.....	*	*						*	*						*	*					
CHARITABLE ORGANIZATIONS.	*	*						*	*						0.1	0.1					
BASIC ESTATE SOI.....	*							*							0.1						
FIDUCIARY STUDY.....																					
GIFT TAX STUDY.....																					
INTERGENERATIONAL WEALTH.	0.2	*	1.0	0.2		1.0	0.2	0.3	*	1.8	0.3		1.9	0.3	0.5	0.1	2.9	0.5		3.1	0.4
PRIVATE ACTIVITY BONDS...																					
WINDFALL PROFIT TAX.....																					
SUPERFUND.....	0.6	0.6	0.1	*	*	*	*	0.8	0.7	0.1	*	*	*	*	1.3	1.2	0.2	0.1	0.1	0.1	0.1
SERVICE CENTERS																					
FOREIGN AREA. TOTAL.....	38.6	23.2	29.5	24.1	25.0	20.8	23.3	44.1	26.6	33.1	29.8	32.0	25.5	28.1	61.7	37.3	46.3	41.7	44.8	35.7	39.4
CORP FOREIGN TAX CREDIT..	2.2	1.4	4.2	3.3	3.5	3.0	3.5	2.5	1.7	4.7	4.1	4.5	3.6	4.2	3.5	2.3	6.5	5.8	6.2	5.1	5.9
CONTROLLED FOREIGN CORPS.	2.2	2.2	4.9	3.5	4.3	2.9	4.3	2.5	2.5	5.5	4.3	5.6	3.6	5.3	3.5	3.6	7.7	6.1	7.8	5.0	7.4
DISC. IC-DISC AND FSC [2]...	0.2							0.2							0.2						
INTERNATIONAL BOYCOTTS...	0.2	0.6	2.8	0.2	0.2	0.6	2.4	0.2	0.7	3.1	0.2	0.2	0.8	3.0	0.3	1.0	4.4	0.3	0.3	1.1	4.2
U.S. POSSESSIONS CORPS...	0.2	0.2	0.1	0.3	0.1	0.3	0.1	0.2	0.2	0.1	0.3	0.2	0.3	0.2	0.3	0.3	0.2	0.5	0.2	0.4	0.2
NONRESIDENT ALIEN INCOME.	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
PRIVATE FOUNDATION.....	0.9	0.6	1.4	1.2	1.1	1.1	1.1	1.0	0.7	1.5	1.5	1.4	1.3	1.3	1.4	1.0	2.1	2.1	2.0	1.8	1.8
CHARITABLE ORGANIZATIONS.	1.5	1.4	2.8	2.7	2.6	2.3	2.3	1.7	1.6	3.1	3.3	3.3	2.9	2.8	2.4	2.3	4.4	4.7	4.7	4.0	3.9
BASIC ESTATE SOI.....	1.5	3.4	1.8	1.1	2.8	1.8	0.4	1.8	3.9	2.0	1.4	3.6	2.2	0.5	2.5	5.4	2.8	2.0	5.0	3.0	0.8
FIDUCIARY STUDY.....	0.1	*	0.1	*	0.2	0.3		0.1	*	0.1	*	0.3	0.3		0.1	*	0.1	*	0.4	0.4	
GIFT TAX STUDY.....				0.6	*		0.5				0.7	*		0.6				1.0	*		0.8
INTERGENERATIONAL WEALTH.	29.6	13.1	10.9	10.5	9.7	8.0	8.0	33.8	15.0	12.2	13.0	12.5	9.8	9.7	47.4	21.0	17.1	18.2	17.5	13.7	13.5
PRIVATE ACTIVITY BONDS...																					
WINDFALL PROFIT TAX.....						0.3	0.2						0.3	0.2						0.4	0.3
SUPERFUND.....		0.1	0.4	0.4	0.3	0.3	0.3		0.1	0.4	0.4	0.3	0.3	0.3		0.1	0.5	0.5	0.5	0.4	0.5

Footnote at end of table.

FIGURE A.--FOREIGN AREA PROGRAMS: ESTIMATED STAFF YEARS BY PROJECT AND LOCATION. FISCAL YEARS 1986-1992 - CONTINUED

PROJECT	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
								OUTSIDE CONTRACTOR													
FOREIGN AREA. TOTAL.....			0.2	0.2				11.6	11.1	11.4	11.7	9.8	10.4	9.6	14.4	13.8	14.1	14.5	12.1	12.9	11.9
CORP FOREIGN TAX CREDIT..								1.5	1.7	1.5	1.8	1.2	1.5	1.2	1.9	2.1	1.8	2.2	1.5	1.9	1.5
CONTROLLED FOREIGN CORPS.								1.5	1.4	1.5	1.5	1.1	1.2	1.2	1.8	1.7	1.8	1.9	1.4	1.5	1.4
DISC. IC-DISC AND FSC [2]...								1.3	1.1	0.9	0.8	0.7	0.7	0.8	1.6	1.3	1.1	1.0	0.9	0.9	1.0
INTERNATIONAL BOYCOTTS...								0.2	0.5	0.7	0.2	0.2	0.3	0.5	0.2	0.6	0.8	0.3	0.2	0.4	0.7
U.S. POSSESSIONS CORPS...								0.3	0.6	0.3	0.8	0.2	0.7	0.2	0.4	0.8	0.3	0.9	0.3	0.8	0.3
NONRESIDENT ALIEN INCOME.								0.4	0.3	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
PRIVATE FOUNDATION.....								0.6	0.6	0.9	0.7	0.6	0.6	0.6	0.8	0.7	1.1	0.9	0.8	0.7	0.8
CHARITABLE ORGANIZATIONS.								0.7	0.8	1.1	1.1	1.0	1.0	1.0	0.9	1.0	1.4	1.4	1.2	1.2	1.3
BASIC ESTATE SOI.....								1.2	0.6	0.6	0.7	0.5	0.3	0.3	1.4	0.7	0.8	0.9	0.6	0.4	0.3
FIDUCIARY STUDY.....			0.2	0.2				0.1	*	0.2	0.1	0.4	0.4	*	0.2	*	0.3	0.1	0.5	0.5	*
GIFT TAX STUDY.....								0.2	0.1	0.1	0.4	0.3	0.1	0.3	0.2	0.1	0.2	0.5	0.4	0.1	0.4
INTERGENERATIONAL WEALTH.								0.6	0.4	0.6	0.6	0.4	0.5	0.5	0.8	0.5	0.8	0.8	0.5	0.7	0.7
PRIVATE ACTIVITY BONDS...								0.5	0.7	0.7	0.6	0.5	0.5	0.5	0.7	0.8	0.9	0.7	0.7	0.6	0.7
WINDFALL PROFIT TAX.....								0.8	0.7	0.7	0.6	0.8	0.9	0.9	0.9	0.8	0.8	0.8	1.0	1.1	1.1
SUPERFUND.....																					

[1] Includes resources allocated to Treasury special studies, basic research, OMB Circular A-76 study and other smaller scale studies which are not detailed below.

[2] Interest Charge-Domestic International Sales Corporations and Foreign Sales Corporations.

Chapter 9

BASIC FOREIGN AREA STUDIES*

This chapter provides information on statistical studies underway and planned by the Foreign Returns Analysis Section. This Section is responsible for most studies with respect to the effects of the Internal Revenue laws on the international operations and foreign income of U.S. corporations and other persons [1]. For each of these studies, this chapter will: (1) discuss the current work, (2) plans for the future, and (3) outline the resource implications of these studies. The Section plans and conducts studies in four broad areas mentioned below:

1. Combined Foreign Area Primary Studies. -- Foreign Tax Credit Reported on Corporation Returns, Forms 1118 associated with Forms 1120; and Foreign Corporation Information Returns, Forms 5471 associated with Forms 1120.

2. Corporate Export Related Studies. -- Domestic International Sales Corporations, Forms 1120-DISC; Interest Charge Domestic International Sales Corporations, Forms 1120-IC-DISC; and Foreign Sales Corporations, Forms 1120-FSC.

3. Mandated Studies. -- U.S. Possessions Corporations, Forms 5735 associated with Forms 1120; and International Boycott Participation Reports, Forms 5713.

4. Special Studies. -- Nonresident Alien Income and Tax Withheld, Forms 1042S; U.S. Possessions Excluded Income, Forms 4563 associated with Forms 1040; Nonresident Alien Estates, Forms 706NA; the Creation of, or Transfers to, Certain Foreign Trusts, Forms 3520 and 3520A; and Sales of U.S. Real Property Interests by Foreign Persons, Forms 8288 and 8288A.

The cycling of each of these studies during the planning period is shown in Table 1 at the end of this chapter.

Outputs for the Foreign Returns Analysis Section's studies consist of several types of media. Computer tapes of the "error-free" microdata files are produced for the Corporation Foreign Tax Credit, Foreign Corporation Information Returns, Domestic International Sales Corporations, Interest Charge Domestic International Sales Corporations, Foreign Sales Corporations, U.S. Possessions Corporations, and International Boycott Participation (full-scale) studies. Computer generated tables and listings are produced for these same studies, plus the Nonresident Alien Income and Tax Withheld and

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Sales of U.S. Real Property Interests by Foreign Persons studies. Manually constructed tables and listings are produced for the U.S. Possessions Excluded Income, Nonresident Alien Estates, Foreign Trusts, and International Boycott Participation (limited scope) studies. Output of all of these studies is produced for delivery to the Office of Tax Analysis (OTA) and is made available to the Joint Committee on Taxation. It is also furnished on request to other areas of the Internal Revenue Service. After suppressing appropriate data for disclosure purposes, outputs are furnished on request to other Federal Government agencies, State and local Government agencies, universities and colleges, trade associations, and other persons.

The tabulations produced for certain studies (Corporation Foreign Tax Credit, Foreign Corporation Information Returns, Domestic International Sales Corporations, Interest Charge Domestic International Sales Corporations, Foreign Sales Corporations, U.S. Possessions Corporations, International Boycott Participation, and Nonresident Alien Income and Tax Withheld) are published in various articles for the SOI Bulletin. Reprints of these articles plus information from the other studies also will be published every 5 years in a compendium volume or monograph on foreign area studies the first of which was prepared during 1985.

SIGNIFICANT CHANGES FROM THE PREVIOUS OPERATING PLAN

As a result of changes in available computer equipment, personnel considerations, and other factors, certain planned procedures have changed for this operating plan, as compared to the previous plan. The significant changes are briefly described below.

Combined Foreign Area Primary Studies. -- The systems analysis and programming of both pretable and table processing for these studies will be performed by the Data Center throughout the planning period. Under the previous plan, this function would have been performed by a private contractor beginning with the 1986 studies.

The use of a mini-computer system, providing a National Office/Data Center/service centers network of processing, for the FTC and FC studies has been moved forward for this operating plan. This will now be done for the 1988 studies, instead of waiting until 1990. This system will also have an interactive error resolution capability.

Beginning with the 1984 studies, there will be a control file created to detect possible missing returns. This control file, which will be used during error resolution processing, was not included in the previous operating plan.

Disclosure routines for selected tables in these studies were to be originally developed as part of the 1982 studies. While this enhancement was not accomplished for 1982, the current operating plan calls for this to be performed as part of the 1984 studies.

Corporate Export Related Studies. -- During the last year, the Foreign Returns Analysis Section has become involved in studies of Domestic International Sales Corporations (DISC's), Foreign Sales Corporations (FSC's) and Interest Charge

Domestic International Sales Corporations (IC-DISC's). With the exception of a "special" 1984 FSC/IC-DISC study, these studies will be processed within the corporation program. The special study will be conducted within the Foreign Statistics Branch. These new studies will require from the Foreign Returns Analysis Section over 2 staff years during each fiscal year of the planning period.

U.S. Possessions Corporations Studies. -- The current operating plan calls for transcription to be shifted from the Data Center to a service center (the Philadelphia Service Center being the primary choice) for the 1987 study. This plan is a change from the previous plan, which called for the shift in the 1985 study. Similarly, the transfer from the Data Center to the Foreign Operations Section of the systems analysis and programming functions for pretable processing of these studies has been changed from 1985 to 1987.

Beginning with the 1983 study, the Foreign Statistics Branch will obtain BMF Returns Transaction File data for possessions corporations. These data will be used in place of any returns which are missing for the study. This procedure, which will also be done for all future possessions studies, was not part of the previous operating plan.

International Boycott Participation Studies. -- Under the current operating plan, the National Office will be the central computer processing site for the 1986 full-scale boycott study. This is a change from the previous plan, in which the boycott data file was to reside at the Philadelphia Service Center.

Nonresident Alien Income and Tax Withheld Studies. -- As a result of a change in the law, these studies will begin to include payments (and associated taxes withheld) made to nonresident aliens by the Social Security Administration (SSA) and the Railroad Retirement Board (RRB). However, due to computer processing problems at SSA and RRB, these payments will not be included in the studies until 1985. It was expected under the previous plan that they would have been available for the 1984 study.

Sales of U.S. Real Property Interests by Foreign Persons Studies. -- Also as a result of recent tax legislation, IRS will begin collecting data on the sales of U.S. real property interests by foreign persons. The Foreign Returns Analysis Section (FRAS) has been involved in the development of the computer processing system for these new studies. Tabulations will be produced for FRAS from this system, beginning with 1985 data. The previous operating plan did not include these studies.

Other Studies. -- There are no significant changes between the current and previous operating plans for the U.S. Possessions Excluded Income, Nonresident Alien Estates, and Foreign Trusts studies. The remainder of this chapter discusses the current operating plans for each study.

COMBINED FOREIGN AREA PRIMARY STUDIES

Corporations Foreign Tax Credit (FTC). -- The FTC studies are designed to show the effects of specific portions of the Internal Revenue Code on the income and taxes of corporations. The data are used by the Treasury Department

(i.e., OTA) for revenue estimating. The studies show the country of origin of the foreign income and taxes which generate the credit. Also shown is the industry of the corporation claiming the credit. In general, the data in these studies are classified not only by country, industry, and type of foreign income, but also by size of total assets of the domestic corporation and by ratios of total foreign taxes to taxable foreign income, foreign source taxable income to U.S. taxable income, and by the effective U.S. tax rate on foreign source income [2].

Foreign Corporation Information Returns. -- A Form 5471, Information Return With Respect to a Foreign Corporation, is required for each foreign corporation for certain categories of U.S. "persons." These are: (1) a U.S. person who owned more than 50 percent of the voting stock or more than 50 percent of all classes of stock of the foreign corporation for a period of at least 30 consecutive days during the annual accounting period of the foreign corporation; (2) a U.S. person who was a 10 percent or more shareholder in a corporation that was a Controlled Foreign Corporation for an uninterrupted period of 30 days during its annual accounting period and who owned stock in the Controlled Foreign Corporation on the last day of the corporation's annual accounting period; (3) U.S. citizens or residents who are officers, directors or 10 percent or more shareholders in a foreign personal holding company; (4) U.S. citizens or residents who are officers or directors of a foreign corporation in which a U.S. person acquires a five percent or more ownership, or acquires an additional five percent or more ownership from the last time the information was reported; and (5) a U.S. person who is a shareholder in a foreign corporation and who: (a) acquires a cumulative five percent or more ownership in the outstanding stock of the foreign corporation, (b) acquires an additional five percent or more ownership in the outstanding value of the stock in the foreign corporation, (c) owns five percent or more in the value of the outstanding stock of the foreign corporation when the corporation is reorganized, (d) disposes of sufficient stock in the foreign corporation to reduce the U.S. person's ownership in the value of the outstanding stock in the foreign corporation to less than five percent, or (e) becomes a U.S. person while owning five percent or more in the value of the outstanding stock of the foreign corporation.

The 1984 study will include data from all Forms 5471 attached to U.S. corporation income tax returns with total assets of $250 million or more. Previous studies included only data for Controlled Foreign Corporations (CFC's) that reported information on Form 2952, Information Return With Respect to a Controlled Foreign Corporation, attached to U.S. corporation returns. The content of the 1984 study is also being expanded to include detail for complete income statements and balance sheets and cost of goods sold items for all foreign corporations, a summary of Subpart F income for Controlled Foreign Corporations, and undistributed income and taxable dividends paid by foreign personal holding companies. The data from these returns are used to determine the location of investment and source of income abroad through investment in foreign corporations and to estimate the impact of various U.S. tax proposals regarding the deferral of earnings and profits from investments abroad by U.S. corporations.

Cycling of Studies. -- These combined FTC/FC studies will be conducted for Tax

Years 1984, 1986, 1988, 1990, and 1992. Additionally, an experimental FC study (discussed later) will be conducted for 1986. For Tax Years 1984, 1988, and 1990, foreign tax credit data will be tabulated by country only from Forms 1118 filed with "giant" Forms 1120. (These so-called "giants" are Forms 1120 with total assets of $250 million or more for 1984. The defining limitation will be raised to $1 billion for giant returns in 1988, 1990, and 1992.) In addition, for these years, summary totals (without country detail) from Forms 1118 filed with Forms 1120 of "non-giant" corporations will be tabulated for all of the returns in the SOI corporate sample. For Tax Years 1986 and 1992, foreign tax credit data will be tabulated by country for every corporation in the SOI sample with a foreign tax credit. Data on the expected sample and population sizes for the foreign tax credit studies are shown in Table 1 of this chapter. As shown in this table, the 1984 sample will consist of approximately 2,400 corporation returns from an expected population of 4,900 returns. These 2,400 returns are comprised of all "giant" returns (900) and a sample (1,500 out of 4,000) for all other corporation returns claiming a foreign tax credit. Approximately 18,500 Form 1118 abstracts should result from the 2,400 returns [3].

The Foreign Corporation Information Returns (FC) studies for Tax Years 1984, 1988, and 1990 will be limited to those foreign corporations included in "giant" corporation returns. For Tax Years 1986 and 1992, foreign corporation data will be included from all returns in the SOI corporate sample. As shown in the sample and population estimates in Table 1, the 1984 study will have 1,100 returns with FC's. These returns will contain approximately 32,000 foreign corporations from which data will be tabulated for the study.

With the advent of Form 5471, the IRS Office of Examination has begun developing a computerized data input system which will capture virtually all data items reported on Form 5471. The Foreign Statistics Branch is involved in the development of this non-SOI processing system and will use this new system for a pilot study, when resources are available. The results of this study will be analyzed to determine whether the data on Examination's file can be utilized in future SOI studies on foreign corporations.

Methods, Procedures, and Enhancements. -- The editing of returns (or data entry) for the 1984 and 1986 FTC and FC studies will be performed at all the service centers, except Memphis, corresponding to the allocation of the editing function for corporate (Form 1120) returns. For a further explanation of this allocation, see Chapter 3, Basic Corporation Studies. Beginning with the 1988 studies (and continuing with the 1990 and 1992 studies), editing in conjunction with the corporate returns will be limited to selected service centers with mini-computers linked with similar equipment in the National Office.

Transcription for the 1984 studies will be performed at the Data Center. The phaseout of transcription at the Data Center will occur after the 1984 studies. This function will be transferred to the service centers for 1986, with tapes being shipped to the Data Center for further processing. The Foreign Operations Section will develop a Request for Data Services for this transcription service. For the 1988, 1990, and 1992 studies, transcription will be done at selected service centers using the SOI Division's mini-computer system.

The systems analysis and programming of pretable processing (i.e., the consistency tests program) and also table processing for the 1984 studies and thereafter will be performed by the Data Center. The systems acceptablility testing (SAT) of this processing will be performed jointly by the Data Center and the SOI Division (Foreign Returns Analysis Section and Foreign Operations Section).

Systems analysis documentation (including consistency test specifications and the project analysis requirements (PAR) package) are combined for the 1984 FC and FTC studies, providing uniformity in systems documentation. The PAR package includes Data Flow Diagrams that identify the major processes needed to complete the study, and a set of processing specifications, using Structured English, which describes the procedures governing each stage of data transformation. This uniform systems documentation will be continued for future studies, as it provides for the development of a system design which accommodates both studies.

Error resolution for the 1982 studies was, and for the 1984 studies will be, performed by both the Data Center and the Foreign Returns Analysis Section. The phaseout of error resolution from the Data Center will occur after the 1984 studies. The Data Center's portion of this function will be transferred to one selected service center for the 1986 studies. This service center will also do transcription of error corrections for 1986. Beginning with the 1988 studies, error resolution will be performed at the selected service centers using the mini-computer system.

Certain advances in the processing schedule for error resolution are expected to result from the specific processing techniques novel to these studies. Batch processing (introduced for the creation of the 1982 studies files) has provided for error resolution to begin before the conclusion of editing and before the regular coporation SOI file is completely error resolved. However, while much of the error resolution function can only be performed after data from the parent records are extracted from the corporate file and matched to the combined foreign studies file, gains in earlier processing of the corporate file will also provide for some advances in the processing schedules for future combined foreign studies as well. (See Chapter 2, Corporation Statistics Branch, for advances in corporate processing.) Computer corrections of certain consistency tests for both FTC and FC data will also be utilized for the 1984 studies. To the extent possible, this approach will be increased in future studies.

Another enhancement for the 1984 combined studies wll be the creation of a control file to detect "potential" missing returns. The control file will be created from the prior study year's data file and will be matched against the 1984 file to identify the missing returns from the 1984 file. The missing returns will then be searched for by the service centers.

The traditional method of the combined foreign studies for contacting taxpayers, through the appropriate IRS District Offices, to obtain missing information is being continued for the 1984 studies, as a standard process during error resolution. (It is expected that this standard will be carried through to future studies as well.) Information obtained through field

follow-ups is entered into the data file during error resolution. Most field follow-ups are for FTC data, as opposed to FC data. Most of the returns with missing information are identified through the use of a problem control list during the editing process. The problem control list, produced for the 1984 studies, reflects the findings of the 1982 studies. Problem control lists will continue to be issued during the editing processing for future studies as well.

The data files for the 1984 studies and thereafter will be located at the Data Center. For 1986, all programs will be converted to NAS equipment which is IBM compatible. The data on those files will be down loaded to the selected service centers with mini-computer systems to accommodate the shift of error resolution to these sites, beginning with the 1988 studies (two or three sites). This development will allow each selected service center to consistency test its own data file, and to also print error registers and apply corrections. The Foreign Returns Analysis Section will have the ability to print the error registers produced at each of the selected service centers and to apply corrections to the various data files as well. This installation of a mini-computer system will provide for a service center/National Office network of processing. This capability will allow the selected service centers to apply corrections to any one designated return in the data file, and reapply the consistency tests program until the immediate return is error free. The Foreign Returns Analysis Section will have these same capabilities for processing any return regardless of the location of the data file. This enhancement will provide for more immediate input of data received from field follow-ups. It is expected that this network of systems processing will provide measurable gains in time requirements for the completion of the error resolution function.

System analysis and programming of table processing will be performed by the Data Center for the 1984 studies and thereafter. SAT of this processing will be performed jointly by the Data Center and the Foreign Statistics Branch using computerized pre-determined SAT results produced by the Foreign Operations Section.

As previously stated, a magnetic tape of the microdata file and computer generated tables are produced for these studies. Approximately 35 tables are produced between the FC and FTC studies. Data for the studies are published in the SOI Bulletin, a quarterly publication. There will be two articles for each study, one article presenting data by industry and the other by country.

Detailed tables of industry-country combinations produced from the FC and FTC study files are also prepared for distribution upon request. The tables produced for the 1980 studies were included in the first compendium of foreign-area studies published in 1985. Tables that will be produced for the 1982, 1984, and 1986 studies will be made available to subscribers to the international statistics service and will be included in the next (1990) compendium publication.

Microfiche of all tables, special listings and project documentation are produced for these studies. The project documentation includes a final quality assurance report for each study. (These reports are sent to OTA for

their information.) This procedure has been established as a standard production requirement for the studies.

The 1984 FC and FTC studies include certain quality assurance activities. The editing function performed by the Data Center and service centers is checked for quality by the use of a selected item early production subsample of editing at each processing center, and by the "follow-ups" transmitted to the National Office. These activities allow subject matter specialists to check the editing performance of each service center early in the editing function so that any problems detected may be corrected as early as possible. The value of additional quality assurance activities will be explored for these studies for such functions as transcription and error resolution in the future. For the 1984 studies we will be reviewing early samples of error resolution performed by Data Center personnel, in order to correct wrong procedures early in the process. A sample of error resolution performed by service center personnel will also be reviewed when this function is shifted for the 1986 studies.

CORPORATE EXPORT RELATED STUDIES

Domestic International Sales Corporations (DISC). -- The Deficit Reduction Act of 1984 put an end to corporations operating and filing tax returns as Domestic International Sales Corporations (DISC). It closed every DISC tax year by December 31, 1984. As a result, the study of DISC returns conducted by the SOI Division since 1971 ends with the 1984 SOI year for DISC returns with accounting periods which ended during the six month period from July 1984 through December 1984. Corporations with accounting periods ending earlier than December 1984 would file a second (and final) return as of December 31, 1984, or terminate their DISC status earlier. Corporations with accounting periods normally ending between January-June 1985 would instead close their books on December 31, 1984.

The processing of these corporate returns is included as part of the overall corporation study. The reader is referred to Chapter 3 of this report for a more detailed description of the procedures and methods applicable to corporations of which the DISC is a part. The Foreign Returns Analysis Section (FRAS) will produce the data, using the corporate processing system, for transmittal to OTA. This will include a microdata tape file and tables.

As previously planned for the 1984 SOI programs, the manual processing (involving editing of returns and consistency test error resolution) has been moved from the Data Center to the service centers. For DISC returns the major portion of the manual processing is done at the Cincinnati Service Center. The remainder involving certain consistency test error resolution is performed by FRAS, in addition to performing a review of the service center editing and error resolution functions. The service center also transcribes the edit sheets and error register data onto tape for processing at the Data Center.

The Data Center continues to be involved with systems analysis and programming including both pre-table and table processing. It also maintains and keeps the DISC computer file.

Interest Charge Domestic International Sales Corporations (IC-DISC) and Foreign Sales Corporations (FSC), Special Study. -- The Deficit Reduction Act of 1984 that terminated the existence of a Domestic International Sales Corporation (DISC) in 1984 allowed for a new tax entity, the Foreign Sales Corporation (FSC) to replace the old DISC after 1984. The Act also allowed for an exclusion of income taxes on the deferral income of a DISC whose taxable year began before January 1, 1984, and closed on December 31, 1984. Small businesses (or former DISC's) with export sales of $10 million or less can establish a "new" type of DISC, but must pay an interest charge on the deferred taxes. Therefore, the designation given to them is the Interest Charge Domestic International Sales Corporation (IC-DISC).

Because the DISC's were terminated in the middle of the 1984 SOI year (which includes returns with accounting periods ended July 1984 through June 1985), a special study was initiated to tabulate certain data filed on the "new" Forms 1120-IC-DISC and 1120-FSC for the January through June 1985 tax period. Returns included in this special study will be processed separately from the corporate program. (The returns filed with accounting periods ended after June 1985 are included in the 1985 SOI program.)

This study is small in comparison to the "regular" studies discussed below. The 30-35 selected codes and items extracted from returns filed at IRS service centers will be edited, transcribed and tested at the Data Center which will also retain the computer file. Error resolution will be performed by the Foreign Returns Analysis Section at the National Office. The Foreign Operations Section (FOS) will do the systems analysis and programming including both pre-table and table processing for the special study. About 4,600 Forms 1120-IC-DISC and 1120-FSC are expected in the population which will be selected at a 100 percent rate for the study.

Interest Charge Domestic International Sales Corporations (IC-DISC) and Foreign Sales Corporations (FSC), Regular Studies. -- The Form 1120-IC-DISC is an information return filed by a domestic corporation that has elected IC-DISC status and meets certain other requirements. Two of the requirements are that a minimum of 95 percent of its gross receipts be qualified export receipts and that at least 95 percent of its assets be qualified export assets. Corporations electing IC-DISC status and meeting all IC-DISC requirements are generally not subject to U.S. income tax. However, shareholders of an IC-DISC are taxed on a portion of the IC-DISC's income when it is deemed or actually distributed and are assessed an interest charge on the tax-deferred income of an IC-DISC. Although the Form 1120-IC-DISC will be processed as part of the basic corporation program (see Chapter 3) additional data unique to the Form 1120-IC-DISC will also be produced. Such data will include the amount and nature of export gross receipts and the amount of tax-deferred IC-DISC income. These data will be classified by industry of the IC-DISC, size of shareholder assets, type of pricing rules, and other classifiers. This full-scale "regular" study is new for 1985.

The Foreign Sales Corporation study is also an integral part of the corporation program, and accordingly is designed to show the effects of specific portions of the Internal Revenue Code on corporations. The data will also be used by the Treasury Department (i.e., OTA) for revenue estimating. A

FSC is a corporation that has elected to be a FSC and is incorporated in a qualifying foreign country or U.S. possession. The study shows FSC income, deductions, foreign trade income, and asset items. These data will be classified by industry, country of incorporation, size of total assets, type of pricing rules, and other classifiers. This full-scale "regular" study is also new for 1985.

Cycling of Studies. -- The IC-DISC and FSC studies will be done annually as part of the corporation program, beginning for Tax Year 1985. The 1985 studies will include returns having accounting periods ending between July 1985 and June 1986. The FSC population is estimated at 6,000 with a sample of 1,700. The corresponding population and sample estimates for IC-DISC's are 3,700 and 800, respectively.

Methods and Procedures. -- Photocopies of all FSC and IC-DISC returns will be sent from the service centers to the Data Center for the 1985 studies. (All FSC returns will be filed with the Philadelphia Service Center, while IC-DISC returns will be filed at all service centers.) Certain items will be keyed from each return to create a "short entity" record. These records will then be used to select the sample. The complete return information will then be edited onto error register pages that are generated from the "short entity" records of the sampled returns. This editing is tentatively scheduled to be done at the Cincinnati Service Center. The data will be transcribed and error resolution done at both the Cincinnati Service Center and the National Office. This processing method is scheduled to continue for the IC-DISC study for years after 1985. Beginning in Tax Year 1986, FSC returns will be sampled from BMF transaction tapes rather than being photocopied and sent to the Data Center for sampling purposes. Editing and error resolution for the 1986 (and later) FSC studies is tentatively planned to be done at the Philadelphia Service Center as all FSC returns are filed there.

Both table and pretable programming Systems Acceptability Testing (SAT) will be done as part of the corporation program. FSC and IC-DISC data will be included with the basic corporate tables. In addition, supplemental tables including unique FSC and IC-DISC data items will also be produced. To control the quality of editing, a sample of early editing examples will be received from the service center. These will be compared to the original returns to assure that the editing instructions are clear and concise.

All FSC/IC-DISC processing will be performed as part of the corporate processing system. These records will be maintained in the same file although certain outputs will be printed separately. For more information on corporate processing, see Chapter 3 of this publication.

MANDATED STUDIES

The Secretary of the Treasury is required to transmit periodic reports on mandated studies to Congress. The Foreign Returns Analysis Section furnishes data to OTA for the preparation of two of these reports; one on U.S. possessions corporations, and a second on international boycott participation. The Deficit Reduction Act of 1984 changed the cycle of these reports to biennial in odd years for U.S. possessions corporations and every fourth year for

international boycott participation. Thus, U.S. Possessions Corporation studies will be conducted for Tax Years 1985, 1987, 1989, 1991, while full-scale International Boycott Participation Studies will be conducted for Tax Years 1986 and 1990. Limited-scope boycott studies tabulating data only for returns with tax consequences due to boycott participation will be conducted for Tax Years 1984, 1985, 1987, 1988, 1989, 1991, and 1992. Prior to the Deficit Reduction Act of 1984, both of these studies were done annually.

U.S. Possessions Corporations Studies. -- A U.S. possessions corporation is a domestic corporation that elects to be treated as a possessions corporation by filing a Form 5712, Election to be Treated as a Possession Corporation. To qualify, the corporation must derive 80 percent or more of its gross income from sources within a U.S. possession and 65 percent or more of its gross income from the active conduct of a trade or business within a U.S. possession. Corporations which meet these requirements for a period of three years (the current year and two preceding years) are allowed a credit against their U.S. tax liability for that portion of the U.S. tax liability attributable to income derived from U.S. possessions.

All of the information reported on Form 5735, Computation of Possessions Corporation Tax Credit, and most of the information reported on Schedule P (Form 5735), Allocation of Income and Expenses Under Section 936(h)(5), is used for this study. This information includes taxpayer identification data, gross income from the current and two preceding taxable years, applicable deductions and loss adjustments for the current year, and the computation of the possessions tax credit. Also included are data items relating to the allocation of income and expenses from intangible property between possessions corporations and their U.S. affiliates. The 1985 and subsequent studies will contain an additional 23 data item relating to this allocation of income and expenses. Selected Form 1120 data are included in this study [4].

The possessions study is based on all SOI returns that elect to be treated as a possessions corporation. Possessions tax credit data are edited from Forms 5735, all of which are filed at the Philadelphia Service Center. For 1985, Table 1 of this chapter shows an expected 700 returns for U.S. possessions corporations.

For the 1985 and 1987 studies, all editing of Forms 5735 will be done at Philadelphia with transcription being done at the Data Center. The edit sheets for Forms 5735 will be kept together and sent to the Data Center in special batches. The 1989 and subsequent studies will be conducted at one of the service centers with a mini-computer system linked with the Data Center mainframe computer for direct access by the National Office for consistency testing and table purposes.

Systems analysis and programming of the consistency testing program (pretable processing) for the 1985 studies will be conducted by the Data Center. For 1987 and thereafter, this will be done by the Foreign Operations Section. To the extent possible, Form 1120 possessions corporations data will be processed through two cycles of Corporation SOI error resolution [5], at which time possessions returns will be extracted and matched to returns on the Form 5735 file. The Form 1120 data will be further consistency tested as part

of the U.S. possessions corporation study [6]. Error resolution of the returns included in these studies will be done by the Foreign Returns Analysis Section.

The quality assurance function and SAT function for pretable processing are combined. In composing the SAT deck for the consistency testing system, edit sheets are copied at Philadelphia and transmitted to the National Office. These edit sheets are used to compose the SAT deck and at the same time verify the editing procedure being used at Philadelphia. This procedure will be continued for future studies.

The possessions control file, first established in 1982, will continue to be used to detect missing returns for the 1983 and future studies. (Even though the possessions studies are done biannually, the control file will be updated annually.) These missing returns will be searched for by Philadelphia for inclusion in the tape and tables produced for OTA. For the 1983 study, a one-time request has been made to extract Form 1120 data for possessions corporations that have been posted to the BMF Returns Transaction File. Beginning with the 1985 study, this request will be for periodic (quarterly) extracts of data for possessions corporations. These data will be included in the study files for those missing returns at the end of error resolution processing.

Systems analysis and programming of table processing will be conducted by the Foreign Operations Section for the 1985 and future studies. Similar to pretable processing, both the Foreign Operations and Returns Analysis Sections will be involved in the SAT effort of table processing. Most of the tables for 1985 will be unchanged from those for 1983.

As previously stated, in order to qualify as a possession corporation, 65 percent or more of the corporation's gross income must be derived from the active conduct of a trade or business in a U.S. possession for a period of three years. Thus, on each year's file, there are gross income data for the current and two preceding years. Beginning with the Tax Year 1989 study we will establish a "panel" of the larger possessions corporations containing selected data over a ten-year period in order to permit longitudinal analysis of the patterns of reporting possessions gross income and the effect on the computation of the possessions tax credit. This panel of data will be a file separate from the primary 1989 possesions study file.

Output for the possessions studies includes magnetic tapes, tables, and periodic SOI Bulletin articles. Form 940 (Employer's Federal Unemployment Tax Return) data are also included on the Form 1120 possessions file and consistency tested and tabulated. In order to accumulate these data, an annotated computer listing of possessions corporations is produced and forwarded by the National Office to the Philadelphia Service Center. The needed returns are then located and four amounts abstracted (total payments, total exempt payments, total taxable wages and U.S. possessions wage credit reduction). The data are sent to the National Office for inclusion on the Form 1120 possessions file. The information is used to determine the number of employees and compensation of employees of possessions corporations. There approximately 700 Form 940 returns filed by these corporations each year. Finally, a file of all Forms 5712 (Elections to be Treated as U.S. Possessions Corporations) is

maintained by the Foreign Returns Analysis Section. Copies of the new filings of these forms are provided to OTA annually.

International Boycott Participation Studies. -- Provisions of the Internal Revenue Code, denying certain tax benefits to taxpayers who participate in or cooperate with an international boycott, were established by the Tax Reform Act of 1976. The affected tax benefits included the foreign tax credit, deferral of taxation of foreign subsidiaries, and deferral of taxation on earnings of a Domestic International Sales Corporation (DISC). The Deficit Reduction Act of 1984 provided that certain tax benefits to be afforded to Interest Charge Domestic International Sales Corporations and Foreign Sales Corporations (both are DISC replacements beginning in 1985), be subject to the international boycott provisions. Therefore, the tax benefit of a DISC, affected by these provisions, is replaced by the deferral of taxation on certain income of an IC-DISC, beginning in 1985. The income of a FSC that can be exempt from taxation is also added (beginning in 1985) to the tax benefits affected by the international boycott provisions. (The foreign tax credit that can be claimed by a FSC is also subject to these provisions.)

Approximately 95 data items, reported on the Form 5713, International Boycott Report, will be abstracted from all returns for the 1986 and 1990 full-scale studies. This includes information on the "person" that filed the return, information on members of a related group of corporations, common parent data for corporations, number of boycotting countries in which operations are reported, number and type of requests and agreements to participate in or cooperate with a boycott, countries requesting a boycott, and the computations of the reductions in tax benefits. For the 1984, 1985, 1987-1989, 1991, and 1992 limited-scope studies, while approximately 15 data items will be abstracted from only those 100 or so returns showing the denial of certain tax benefits, a total count of returns received for each year will be obtained.

Taxpayers are required to file one copy of Form 5713 at the Philadelphia Service Center and one with their return. Each annual study is based on the Forms 5713 filed at the Philadelphia Service Center. (No sampling is conducted.) The data from these returns are used in tabulations for a mandated report submitted to Congress by OTA on the operation and effect of the boycott provisions. Table 1 of this chapter shows that a population of approximately 3,000 Forms 5713 is expected for the 1984 study.

The next full-scale study will be conducted for 1986. For this study, the Data Center will be used as the central computer processing site. The Philadelphia Service Center (PSC) will perform the editing function for the study, and participate with the National Office in error resolution. Error registers will be telecommunicated to the National Office and mailed to PSC. Transcription of original editing and error corrections will be done at the Data Center.

For the 1986 study, all systems analysis and programming for both the pretable and table processing will be performed by the Data Center. The Foreign Statistics Branch will participate in the SAT of these processes with the Data Center.

Outputs for these studies will vary according to the type of study conducted. For full-scale studies (1986 and 1990), computer tapes of the microdata files and computer generated tables will be produced and furnished to OTA. SOI Bulletin articles on international boycott participation will be published for the 1983-1986 and 1987-1990 periods. A computer tape of the microdata file will also be produced for maintenance at the Federal Archives. As a standard policy, microfiche will be produced of all tables and special listings, produced from the study file. Additional microfiche will be produced for all required project documentation, including the systems documentation for the data processing.

For the limited-scope studies, such as for 1984, the Phildaelphia Service Center will identify those Forms 5713 showing tax consequences due to boycott participation. These will be photocopied and sent to the National Office, where they will be manually validity checked. A special listing of specific income and tax items reported on the Forms 5713 will be provided to OTA. Although no computer processing has been required for the limited-scope studies in the past, the possibility of using a micro-computer at the National Office to produce the listing will be explored in the future.

Control of the population is a primary quality assurance activity for all boycott studies. As a population control measure, the computerized listings, produced at the Philadelphia Service Center, of all Forms 5713 received during a calendar year will be monitored annually by the Foreign Returns Analysis Section. Additional quality control activities will be incorporated into the full-scale 1986 study. Samples of the editing and error resolution performed by Philadelphia will be collected early in the processing and directions to correct any problems will be issued to Philadelphia. The returns included in the editing quality assurance sample will also be used as a sample for the comparison of initial and final data of specific Form 5713 items. A report summarizing the quality assurance efforts and findings will be issued upon completion of the study.

SPECIAL STUDIES

Nonresident Alien Income and Tax Withheld Studies. -- Forms 1042S are filed each year at the Philadelphia Service Center by domestic tax withholding agents. The Form 1042S provides information on the gross income paid to nonresident aliens and the tax withheld at source on such income. The form also provides information on the type of income paid (i.e., dividend, interest, royalty, etc.), applicable withholding rate, type of recipient (i.e., individual, corporation, nominee, etc.), and the recipient's country of legal residence.

Each annual study is based on the population of Form 1042S returns filed at the Philadelphia Service Center. Returns are filed in both a paper and magnetic tape medium. The estimated population (excluding Social Security Administration and Railroad Retirement Board returns) for 1984 is 612,000 returns. Starting in Tax Year 1984, Federal law requires the Social Security Administration (SSA) and Railroad Retirement Board (RRB) to withhold tax on payments made to nonresident aliens. These data will be filed on magnetic tape at the Philadelphia Service Center. The estimated number of returns for

1984 is 250,000 from SSA and 13,000 from RRB. (Due to computer processing problems, however, SSA and RRB returns will not be included in the 1984 study. They will be included in the 1985 and later studies.) As part of the returns processing operation, the Form 1042S returns are transcribed directly to tape and a series of data checks are performed. There are approximately 35 tables produced by Philadelphia from this tape for this study. These tables are sent to the National Office for review and then transmission to OTA, which uses them in negotiating tax treaties with other countries.

The Philadelphia Service Center provides the National Office with a copy of the tape file used to produce the Form 1042S Nonresident Alien Income and Tax Withheld tables that are provided annually to the Office of Tax Analysis (OTA) and the Foreign Operations District (within IRS). This tape file contains data for all Forms 1042S revenue processed for a given year. In the past, only limited data checks were performed on the Form 1042S data by PSC, resulting in tables which contained certain incorrect data. Special listings were produced at the Detroit Data Center using the tape file to help identify the incorrect data and make manual corrections to the tables. Beginning with Tax Year 1983, however, more extensive data checks were performed by PSC on the data to improve it and, thus, make the tables more accurate. (As another quality assurance activity, Philadelphia computer-generates letters to domestic tax withholding agents when their Forms 1042S data are incorrect in certain instances. These agents are requested to refile their Forms 1042S, which are included in the studies when received in a timely manner.) As a result of the more extensive error resolution process at PSC, the special listings should become less necessary and may not be printed in their entirety. If review of summary listings shows few problem areas, then detailed listings will not be required. This was the case for the 1983 study.

In addition to the tables and listings provided to OTA for this study, an SOI Bulletin article will be published each year. These articles will also be reprinted for the foreign area studies "compendium" volumes.

Beginning with the 1982 study, certain quality assurance functions have been incorporated into the study. Samples of corrected error registers completed by Philadelphia personnel were checked by the National Office. This verified that proper correction procedures were being used in conjunction with the data checks at Philadelphia. Independent samples were taken for both paper-filed and magnetic tape-filed Forms 1042S. The Foreign Returns Analysis Section is also involved in the table SAT process, even though Computer Services performs the programming of the tables.

U.S. Possessions Excluded Income Studies. -- Plans are to conduct these studies in 1987 and every four years thereafter. These studies will tabulate data on excluded income from U.S. possessions shown on Forms 4563, and selected data items from related Forms 1040, U.S. Individual Income Tax Returns and Forms W-2, Wage and Tax Statements.

All of the estimated 170 Forms 1040, with associated Forms 4563, will be filed at the Philadelphia Service Center for 1987. These returns will be photocopied by Philadelphia and then transmitted to the National Office. Data (approximately 15 items) will then be abstracted from the returns, manually

tested for certain relationships, and then tabulated. While for the previous study (in 1983), the tabulations were done manually, for 1987, the possibility of performing these tabulations with a microcomputer at the National Office will be explored. Tables and listings will be provided to OTA and used for an article on this subject, to be included in a "compendium" publication of foreign area studies (scheduled for issuance in 1990).

Nonresident Alien Estates Studies. -- Forms 706NA, U.S. Nonresident Alien Estate Returns, are filed at the Philadelphia Service Center for U.S. estates of decedents who at the time of death were neither residents nor citizens of the United States and for decedents who acquired U.S. citizenship solely in connection with a U.S. possession. For this study, all Forms 706NA filed at Philadelphia will be photocopied for decedents whose year of death is 1986. (This study will be conducted on a four year cycle, i.e., again for 1990 deaths.) The estimated population for 1986 is expected to be 225 returns. Photocopies of these returns will be transmitted to the National Office for data (approximately 25 items) abstraction, testing, correction, and tabulation. While this study has been done manually in the past, the possibility of performing these tabulations with a microcomputer at the National Office will be explored for the 1986 study. OTA will be provided with tabulations (and listings) prepared from these returns showing selected data items classified by country of residence at time of death and by size of the gross estate both in and outside the United States. Data are for use in tax treaty negotiations. An article with tabulations of the data will also be included in the foreign area studies "compendium" publication (scheduled for issuance in 1990).

Creation of, or Transfers to, Certain Foreign Trusts Studies. -- Data from Forms 3520, Creation of, or Transfers to, Certain Foreign Trusts, and Forms 3520A, Annual Return of Foreign Trusts with U.S. Beneficiaries, are used for these studies. This study was last conducted for 1982 and will be performed on a four year cycle, i.e., again for 1986 and 1990 during the planning period. There are approximately 370-450 Forms 3520 and 350 Forms 3520A filed at the Philadelphia Service Center and used for this study. Photocopies of these returns are transmitted to the National Office for data (approximately 12 items) abstraction, testing, correction, and tabulation. This has been performed manually in the past, requiring no computer systems resources, due to the small number of returns and data items included in the study. However, for the 1986 study, the possibility of performing the tabulations with a microcomputer at the National Office will be explored. OTA will be provided with listings and tabulations (approximately ten) showing the type of trust, type of person filing the return, country of residence of person filing, and country where trust was created. Also shown are the number and value of transfers, assets, income, and year when trust was created. An article with tabulations of the data will also be included in the foreign area studies "compendium" publication (scheduled for issuance in 1990).

Sales of U.S. Real Property Interests by Foreign Persons Studies. -- This new study will be conducted beginning with 1985 and will be continued annually thereafter. In general, a ten percent withholding obligation is imposed on the buyer or other transferee when a U.S. real property interest is acquired from a foreign person. This withholding is required under the Foreign

Investment in Real Property Tax Act (FIRPTA). The Form 8288 is used to report and transmit the total amount withheld, while the Form 8288A is used to show the gain realized and tax withheld attributable to each foreign transferor of U.S. real property. Both forms must be filed within ten days of the date of transfer at the Philadelphia Service Center (PSC).

The data that will be abstracted from the Form 8288 provides identifying information on the buyer or transferee, as well as information concerning the transfer of property (i.e., date of transfer, withholding rate, amount realized on the transfer, and amount withheld). Data to be abstracted from the Form 8288A includes identifying information of both the withholding agent and person subject to withholding, date of transfer, Federal income tax withheld, amount realized, and gain recognized.

Each annual study is based on the population of Forms 8288 and 8288A filed at the PSC. The estimated population for Form 8288 in 1985 is 3,050 and the estimated population for Form 8288A is 9,150. As part of the returns processing operation, The Forms 8288 and 8288A are transcribed directly to tape and a series of limited data checks are performed. An error-free transaction tape file as well as a table of FIRPTA tax payments to foreign persons of treaty and non-treaty countries will be delivered to the SOI Division beginning June 30, 1986, and every year thereafter. The table will report by country, the total amount realized, total tax withheld, and the number of Forms 8288A filed by the withholding agent. SOI will annually receive five different computer printouts of accumulated Forms 8288 and 8288A data.

RESEARCH AND OTHER NEW PROJECTS

Corporation's Foreign Tax Credit (FTC) Summary Study Proposal. -- The Foreign Returns Analysis Section is currently investigating the feasibility of conducting a "summary" FTC study for Tax Year 1985. If conducted, this study would provide summarized foreign income and tax data for all corporations claiming a foreign tax credit in the SOI corporation sample. The primary benefit of conducting this study would be that the resulting foreign income and tax data would serve as a "bridge" between the data provided in our Tax Year 1984 and 1986 primary FTC studies. Although no geographically classified data would be tabulated for the summary study, data classified by industry would be produced and could be compared to similarly classified data for 1984 and 1986.

Should this study be undertaken, the foreign tax credit editing would take place at those service centers where the corresponding corporate (Form 1120) editing function is performed. All associated transcription would be done by the Data Center as would the limited systems analysis and programming needed to "rollover" the 1984 FTC system for use in the 1985 FTC summary study. The error resolution function would be performed by the Foreign Returns Analysis Section as the summary study approach minimizes the error resolution resource requirements. The final products of this study would include a microdata tape file and several tables classified by industry of the corporation. An industry focused article for the SOI Bulletin is another possible product of the proposed 1985 FTC summary study.

As a result of the limited editing and error resolution requirements and the "rollover" of existing pre-table and table programs, the 1985 FTC summary study would require only about 10 percent of the resources (450 staff days) required for the 1984 primary FTC study. Should the proposed 1985 FTC summary study be completed, consideration will be given to the undertaking of additional FTC summary studies (i.e., 1987, 1989, etc.) based upon the 1985 summary study results and future resource considerations. Over time, the completion of FTC summary studies in all nonprimary study years would provide a continuum of FTC data. This FTC time-series could then be used to study the foreign operations of a selected group of corporations (panel).

Other Research and New Projects. -- The Section will devote resources for the comparison of SOI foreign area data to similar data produced by other Governmental bodies (such as the Census Bureau, Federal Reserve, and the International Monetary Fund). This comparison will initially be done as an overview of the foreign area, discussing the similarities and differences in the various data sets and the additional insights gained by comparing the data sets. After this overview, there will be an ongoing effort of comparing specific data items for each study. As a result of the initial "overview" comparison, a paper for the American Statistical Association will be produced. It is also planned to include a reprint of this paper (and revisions to the paper published on a five year cycle) in the foreign area studies compendium.

For the first time, a "compendium" of articles and other information on the foreign area studies was published in 1985. This compendium provides a quick and easy reference for any data requests related to foreign area studies. It is composed of reprints of SOI Bulletin articles and articles on other studies published for the first time. Also included are American Statistical Association papers, previously unpublished tabulations, and facsimiles of forms. It is planned to publish a foreign area studies compendium once every five years.

Related to the compendium, the Statistics of Income Division will also be providing a statistical service on international income and taxes. For a reimbursable fee, subscribers will receive not only a copy of the compendium, but also new information on the international studies as it becomes available. As a cost-saving measure, the new information will not only be prepared for existing subscribers, but will also be included in the future compendium (which is scheduled for publication in 1990).

RESOURCES

Resources planned to be devoted to the basic foreign area studies during Fiscal Years 1986 through 1992 are shown in Table 2 at the end of this chapter. These resource needs fluctuate as a result of the various cycling assumptions for each study, previously described in this chapter and shown in Table 1. The allocation of these resources between the various organizations (i.e., SOI Division, Data Center, service centers, and private contractors) further reflects the planning assumptions previously described.

Staffing levels required for studies conducted by the Foreign Returns Analysis Section are relatively constant from Fiscal Year 1986 through Fiscal Year 1992. In direct time, the requirements per fiscal year range between 24.4 and 30.0 staff years. Fiscal Year 1988 shows a peak compared to the other years. This is primarily the result of the 1986 full-scale International Boycott Participation study, which will require over 4.5 staff years in Fiscal Year 1988. In comparison, the limited-scope Boycott studies require only 0.6 staff years.

The involvement of the Foreign Returns Analysis Section in new studies has increased the staffing requirements. The Corporate Export Related studies will require 4.0 staff years in Fiscal Year 1986. This requirement will be reduced to 2.2 staff years after Fiscal Year 1987, when the original developmental work for the studies will have been completed. In addition, the "special" study needed for the transition to the new types of corporate organizations will have been finished by Fiscal Year 1988. (With the exception of the "special" study, the staffing requirements shown in Table 2 for these studies are only for the Foreign Returns Analysis Section. Because these studies are conducted within the corporation program, all other costs, such as computer programming and editing, are included in the totals for those programs. See Chapter 3. On the other hand, because the "special" study will be conducted entirely by the Foreign Statistics Branch, all costs related to this study are included in Table 2 of this chapter.)

The new Sales of U.S. Real Property Interests by Foreign Persons studies will require a small amount (about 0.3 staff years for each fiscal year) of resources from the Foreign Returns Analysis Section. These resources will be used to assist the Returns Processing and Accounting Division in the development and control of the new system. The SOI Division will receive final tabulations as a result of this investment.

NOTES AND REFERENCES

[1] There are two additional foreign area studies conducted by another section in the Statistics of Income (SOI) Division. Both the Foreign Earned Income Study, Forms 2555 attached to Forms 1040; and the Foreign Tax Credit reported on Individual Returns Study, Forms 1116 attached to Forms 1040, are conducted by the Individual Special Projects Section. Discussions of these studies can be found in Chapter 7.

[2] There are currently two proposals to modify the foreign tax credit provisions. The per-country method of computing the foreign tax credit limitation is being considered to replace the current overall method of computing the limitation. The replacement of an existing category of foreign income with a new category to be established for computing the limitation is also under consideration. Of the two proposals, the first would significantly impact the SOI processing of Form 1118 data.

[3] During the planning period the resources devoted to foreign area studies could be subjected to certain budget cuts. While this has not been specifically planned for in the assumptions, certain alternatives do exist to meet such a contingency. For example, if the 1986 foreign tax credit study was limited to country data from Forms 1118 filed with Forms 1120 with total assets of $250 million or more (instead of all returns in the SOI sample), this would result in only 18,500 abstracts for the study, as opposed to the 27,000 abstracts originally planned. Of course, the savings in taking this kind of approach would have to be balanced against the loss of data for the users.

[4] There are currently two proposals to change the tax provisions affecting possessions corporations. The Treasury Department has proposed that the possessions tax credit be repealed. It would be replaced with a wage credit system to be phased out over an 11 year period. The Joint Committee on Taxation has proposed to leave the possessions tax credit intact. However, under this proposal all possessions corporations would be required to use the profit-split method to allocate intangible property income. The most likely date for either of these proposals to become effective, if enacted, is Tax Year 1987.

[5] For a description of the Corporation SOI consistency testing/error resolution system, see Chapter 3.

[6] The estimated cost of testing and correcting Form 1120 data as part of the U.S. possessions corporation study is 0.2 staff year.

Table 1 -- Foreign Area Statistical Programs: Measures of Population, Sample and Program Content

Subject Matter	Tax Year 1984	1985	1986	1987	1988	1989	1990	1991	1992
Corporations Foreign Tax Credit, Form 1118:									
Population	4,900	4,950	5,000	5,050	5,100	5,150	5,200	5,250	5,300
Sample:									
Form 1120	2,400	NA	2,400	NA	2,200	NA	2,200	NA	2,200
Form 1118 (abstracts)	18,500	NA	27,000	NA	18,100	NA	18,100	NA	27,000
Codes and Items	91	NA	91	NA	91	NA	91	NA	91
Foreign Corporations, Form 5471:									
Population:									
Form 1120	5,100	5,175	5,250	5,325	5,400	5,475	5,550	5,575	5,650
Form 5471	45,000	46,000	47,000	48,000	48,000	49,000	49,000	50,000	50,000
Sample:									
Form 1120	1,100	NA	4,000	NA	1,000	NA	1,000	NA	4,050
Form 5471	32,000	NA	40,000	NA	30,500	NA	30,500	NA	41,000
Codes and Items	188	NA	188	NA	188	NA	188	NA	188
Domestic International Sales Corporations, Form 1120-DISC:									
Population	*10,900	NA	NA	NA	NA	NA	NA	NA	NA
Sample	*2,200	NA	NA	NA	NA	NA	NA	NA	NA
Codes and Items	*270	NA	NA	NA	NA	NA	NA	NA	NA

* - The 1984 study includes only returns with accounting periods ending between July and December of 1984.
NA - Items not applicable

Table 1 -- Foreign Area Statistical Programs: Measures of Population, Sample and Program Content -- Continued (1)

Subject Matter	Tax Year 1984	1985	1986	1987	1988	1989	1990	1991	1992
Interest Charge Domestic International Sales Corporations, Form 1120-IC-DISC:									
Population	*1,750	3,700	3,760	3,820	3,880	3,940	4,000	4,060	4,120
Sample	*1,750	800	815	825	840	850	865	880	890
Codes and Items	*34	277	277	277	277	277	277	277	277
Foreign Sales Corporations, Form 1120-FSC:									
Population	*2,850	6,000	6,100	6,200	6,300	6,400	6,500	6,600	6,700
Sample	*2,850	1,700	1,725	1,750	1,775	1,800	1,825	1,850	1,875
Codes and Items	*31	333	333	333	333	333	333	333	333
U.S. Possessions Tax Credit, Form 5735:									
Population	700	700	720	720	720	740	740	740	760
Sample	NA	700	NA	720	NA	740	NA	740	NA
Codes and Items	NA	140	NA	140	NA	140	NA	140	NA

* - The 1984 study is a "special" study. Only returns with accounting periods ending between January and June 1985 will be included in this study.
NA - Items not applicable

Table 1 -- Foreign Area Statistical Programs: Measures of Population, Sample and Program Content--Continued (2)

Subject Matter	Tax Year 1984	1985	1986	1987	1988	1989	1990	1991	1992
Employer's Annual Federal Unemployment Tax Return for Possessions Corporations, Form 940:									
Population	700	700	720	720	720	740	740	740	760
Sample	NA	700	NA	720	NA	740	NA	740	NA
Codes and Items	NA	5	NA	5	NA	5	NA	5	NA
International Boycott Participation Report, Form 5713:									
Population	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Sample	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Codes and Items	*15	*15	95	*15	*15	*15	95	*15	*15
Nonresident Alien Income and Tax Withheld, Form 1042S:									
Population	612,000	875,000	880,000	880,000	885,000	885,000	890,000	890,000	895,000
Sample	612,000	875,000	880,000	880,000	885,000	885,000	890,000	890,000	895,000
Codes and Items	9	9	9	9	9	9	9	9	9

* - Applies to only approximately 100 returns which show denial of certain tax benefits. For the remaining returns for these years, only a count will be performed.
NA - Items not applicable

Table 1 -- Foreign Area Statistical Programs: Measures of Population, Sample and Program Content--Continued (3)

Subject Matter	Tax Year 1984	1985	1986	1987	1988	1989	1990	1991	1992
Excluded Income from U.S. Possessions, Forms 1040 and 4563:									
Population	140	150	160	170	180	190	200	210	220
Sample	NA	NA	NA	170	NA	NA	NA	210	NA
Codes and Items	NA	NA	NA	15	NA	NA	NA	15	NA
Nonresident Alien Estates, Form 706NA:									
Population	200	225	225	250	250	250	275	275	275
Sample	NA	NA	225	NA	NA	NA	275	NA	NA
Codes and Items	NA	NA	25	NA	NA	NA	25	NA	NA
Creation of, or Transfers to, Certain Foreign Trusts, Forms 3520 and 3520A:									
Population*	370	380	390	400	410	420	430	440	450
Sample*	NA	NA	390	NA	NA	NA	430	NA	NA
Codes and Items*	NA	NA	12	NA	NA	NA	12	NA	NA
Sales of U.S. Real Property by Foreign Persons, Forms 8288 and 8288A:									
Population:									
Form 8288	NA	3,050	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Form 8288A	NA	9,150	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Sample:									
Form 8288	NA	3,050	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Form 8288A	NA	9,150	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Codes and Items	NA	27	27	27	27	27	27	27	27

* - Numbers reflect estimates for each of Form 3520 and Form 3520A.
NA - Items not applicable

TABLE 2.--BASIC FOREIGN PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART I - CORP FOREIGN TAX CREDIT PROGRAM																					
TOTAL	9.2	8.2	9.6	8.9	8.7	8.4	8.8	14.9	13.7	14.5	13.9	13.8	13.0	13.5	22.6	20.7	21.5	20.8	20.4	19.0	20.1
1982 TAX YEAR	1.1	0.1						2.0	0.1						2.9	0.2					
1984 TAX YEAR	8.1	6.0	1.1	0.1				12.9	10.6	1.9	0.3				19.6	16.3	2.8	0.4			
1986 TAX YEAR		2.1	8.5	6.7	1.1	0.2			3.0	12.6	10.7	1.9	0.4			4.2	18.6	15.7	2.8	0.5	
1988 TAX YEAR				2.1	7.7	6.1	1.1				3.0	11.9	9.7	2.0				4.2	17.6	14.4	2.9
1990 TAX YEAR						2.1	7.7						2.9	11.6						4.1	17.2
PART II - CONTROLLED FOREIGN CORPS PROGRAM																					
TOTAL	9.6	7.8	10.2	8.4	9.4	7.8	9.8	15.6	12.5	15.2	13.0	14.5	11.2	14.1	23.8	18.8	22.3	18.9	21.4	16.4	20.8
1982 TAX YEAR	1.0	0.2						1.8	0.3						2.7	0.5					
1984 TAX YEAR	8.6	5.1	1.1	0.2				13.8	9.0	2.0	0.3				21.2	13.7	2.9	0.5			
1986 TAX YEAR		2.5	9.1	6.3	1.0	0.2			3.2	13.2	10.0	1.8	0.4			4.6	19.4	14.7	2.7	0.5	
1988 TAX YEAR				1.9	8.3	5.1	1.0				2.6	12.6	8.2	1.8				3.7	18.6	12.2	2.7
1990 TAX YEAR						1.9	8.3						2.6	12.2						3.7	18.1
PART III - DISC. IC-DISC AND FSC PROGRAM[1]																					
TOTAL	3.5	2.8	2.2	2.1	2.1	2.1	2.1	6.3	4.9	4.0	3.7	3.7	3.6	3.8	9.2	7.1	5.7	5.3	5.4	5.3	5.5
1984 TAX YEAR	2.2	1.1	0.0					3.8	2.0	0.1					5.7	3.0	0.1				
1985 TAX YEAR	1.3	0.6	0.6					2.4	1.0	1.1					3.4	1.5	1.5				
1986 TAX YEAR	*	1.0	0.5	0.6				0.1	1.8	0.9	1.0				0.1	2.5	1.4	1.5			
1987 TAX YEAR		*	1.0	0.5	0.6				0.1	1.8	0.9	1.0				0.1	2.6	1.3	1.5		
1988 TAX YEAR			*	1.0	0.5	0.6				0.1	1.7	0.9	1.0				0.1	2.5	1.3	1.4	
1989 TAX YEAR				*	1.0	0.5	0.6				0.1	1.7	0.9	1.0				0.1	2.5	1.3	1.5
1990 TAX YEAR					*	1.0	0.5					0.1	1.7	0.9					0.1	2.4	1.3
1991 TAX YEAR						*	1.0						0.1	1.8						0.1	2.5
1992 TAX YEAR							*							0.1							0.1

[1]Interest Charge-Domestic International Sales Corporations and Foreign Sales Corporations.

TABLE 2.--BASIC FOREIGN PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92 - CONTINUED

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART IV - INTERNATIONAL BOYCOTTS PROGRAM																					
TOTAL	0.6	2.0	4.4	0.9	0.6	1.7	3.9	1.0	3.1	6.0	1.4	1.0	2.5	5.5	1.5	4.4	8.5	2.1	1.5	3.6	7.9
1983 TAX YEAR	*							*							0.1						
1984 TAX YEAR	0.5	*						0.8	*						1.1	0.1					
1985 TAX YEAR	0.1	0.5	*					0.2	0.8	*					0.3	1.1	0.1				
1986 TAX YEAR		1.5	4.2	0.3					2.3	5.7	0.5					3.2	8.1	0.7			
1987 TAX YEAR			0.1	0.5	*					0.2	0.8	*					0.3	1.1	0.1		
1988 TAX YEAR				0.1	0.5	*					0.2	0.8	*					0.3	1.1	0.1	
1989 TAX YEAR					0.1	0.5	*					0.2	0.7	*					0.3	1.1	0.1
1990 TAX YEAR						1.2	3.7						1.8	5.3						2.5	7.5
1991 TAX YEAR							0.1							0.2							0.3
PART V - U.S. POSSESSIONS CORPS PROGRAM																					
TOTAL	1.0	2.4	0.8	2.4	0.8	2.2	0.8	1.7	4.2	1.4	4.0	1.4	3.7	1.4	2.5	6.2	2.1	5.7	2.0	5.4	2.0
1983 TAX YEAR	0.6							1.1							1.7						
1985 TAX YEAR	0.4	2.4	0.4					0.6	4.2	0.7					0.8	6.2	1.0				
1987 TAX YEAR			0.4	2.4	0.3					0.7	4.0	0.6					1.0	5.7	0.9		
1989 TAX YEAR					0.5	2.2	0.3					0.7	3.7	0.6					1.1	5.4	0.9
1991 TAX YEAR							0.5							0.7							1.1
PART VI - NONRESIDENT ALIEN INCOME PROGRAM																					
TOTAL	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.6	1.6	1.6	1.6	1.6	1.6	1.6	2.3	2.3	2.4	2.3	2.3	2.3	2.3
1984 TAX YEAR	0.6	*						1.1	0.1						1.6	0.1					
1985 TAX YEAR	0.2	0.6	*					0.3	1.0	0.1					0.5	1.5	0.1				
1986 TAX YEAR	0.1	0.2	0.6	*				0.2	0.3	1.1	0.1				0.2	0.5	1.6	0.1			
1987 TAX YEAR		0.1	0.2	0.6	*				0.2	0.3	1.0	0.1				0.2	0.5	1.5	0.1		
1988 TAX YEAR			0.1	0.2	0.6	*				0.2	0.3	1.0	0.1				0.2	0.4	1.5	0.1	
1989 TAX YEAR				0.1	0.2	0.6	*				0.2	0.3	1.0	0.1				0.2	0.4	1.5	0.1
1990 TAX YEAR					0.1	0.2	0.6					0.2	0.3	1.0					0.2	0.4	1.5
1991 TAX YEAR						0.1	0.2						0.2	0.3						0.2	0.5
1992 TAX YEAR							0.1							0.2							0.2

Chapter 10

OTHER FOREIGN BRANCH STUDIES*

This chapter provides information on current and planned statistical studies on such subjects as private foundations and charitable exempt organizations; an archival study of private foundations from 1974 to the present; a study on private foundation administrative expenses; estates and wealth related studies; a historical study of intergenerational wealth transfers since 1916; fiduciary income taxes; gift taxes; a study of the incidence of federal income taxation on households; private activity bonds; windfall profit tax; and a reimbursable project for the Environmental Protection Agency on the excise taxes relating to certain hazardous chemicals and petroleum substances and hazardous waste materials.

There will be a compendium on personal wealth and wealth-related topics published in 1987. A compendium on tax exempt organizations is planned for release in the Fall of 1988. The compendiums will contain reprints of all articles and research papers published on these topics (enhanced by a more detailed analysis of quality and nonsampling issues, reprints of forms, and more specialized tables). Future compendiums will be released every five years.

For each of the ongoing studies, this chapter will discuss the current work, plans for the future, and outline the resource implications of these studies as presently envisioned.

SIGNIFICANT CHANGES FROM THE PREVIOUS OPERATING PLAN

As a result of changes in personnel considerations and other factors, certain planned procedures have changed for this operating plan, as compared to the previous plan. The significant changes are briefly described below.

Private Foundations and Charitable Organizations. -- The National Center for Charitable Statistics (NCCS) has agreed to support the Tax Year 1983 and Tax Year 1985 Exempt Organization projects. (Because of staffing limitations in the National Office, we will not be conducting 1984 Exempt Organization studies.) There are two specific changes to the 1982 studies. First, NCCS representatives will work with SOI to develop a plan that would augment the 1984 sampling plans to correct weaknesses identified by NCCS, especially in the lower asset size strata and particularly for social welfare organizations. Secondly, SOI will work with NCCS to assign a primary activity code for each organization in the 1983 SOI file. In addition for the 1983 study, we will

*By Michael Alexander, Chief of the Foreign Special Projects Section with contributions by Thomas Nagle, Chief of the Foreign Operations Section.

initiate a pilot program to classify exempt organization expenditures by program type. If successful, this will be built into the 1985 study.

Under the previous operating plan, the annual Charitable Organization studies were to include organizations exempt under subsection code 501(c)(3) and 501(c)(4) of the Internal Revenue Code. However, 501(c)(4) organizations (largely civic leagues and social welfare organizations) will no longer be sampled annually. In 1987, the scope of the study was to be expanded to include organizations with other subsection codes, i.e., [501(c)(1) through (21)]. Because of resource considerations, current planning is that the annual studies will be confined solely to 501(c)(3) organizations.

The systems development and programming for all domestic special studies in the Foreign Branch will be performed by Statistic of Income Division personnel throughout the planning period. The current plan also calls for Division personnel to maintain the software for these studies. Under the previous plan, some of these functions would have been performed by a private contractor for certain studies.

The previous operating plan called for editing and transcription of the Private Foundation Archival study to be performed by the Philadelphia Service Center (PSC). The current plan calls for editing to be performed at the National Office by Division personnel and transcription to be performed at PSC. Tabulations will be produced in March 1987.

The current operating plan calls for a compendium on tax exempt organizations to be released in 1988. This plan is a change from the previous plan, which called for the release to be in the summer of 1987.

Windfall Profit Tax Studies. -- Under the current operating plan, the sample size of the Quarterly Windfall Profit Tax study is estimated at 150 returns per quarter, which is a change from the sample of 200 returns in the previous plan.

The current operating plan indicates that the Annual Windfall Profit Tax study, Form 6248, and the Overpayment of Windfall Profit Tax study, Form 6249, will be done again in 1989. This is a change from the previous plan, which called for the studies to begin again in 1988.

Excise Taxes on Certain Hazardous Substances. -- The current operating plan calls for the manual processing to be conducted by a service center beginning with the 1987 study. This is a change from the previous plan, which called for manual processing to remain at the Data Center.

Estate and Personal Wealth. -- The previous operating plan calls for the Estate Collation study to be cycled using a "year-of-death" cycle of "2," "6," and "9." This cycle has been changed for the current plan to once a decade, with "year-of-death" of "9."

The current operating plan calls for a compendium on personal wealth and wealth related topics to be released in 1987. This plan is a change from the previous plan, which called for the publication to be released in the summer of 1986.

PRIVATE FOUNDATIONS AND CHARITABLE ORGANIZATIONS

This area encompasses statistical studies of the return forms associated with the following types of organizations:

1. Private Foundations, Forms 990-PF (occasionally including nonexempt charitable trusts, Form 990-PF, and split interest trusts, Form 5227);

2. Charitable organizations exempt from income tax under subsection 501(c)(3) of the Internal Revenue Code, Forms 990; and

3. Farmers' Cooperatives, Forms 990-C.

The studies involve obtaining data on net worth, and various data from the balance sheets and income statements. The most recent studies completed in these areas were for 1982 (private foundations [1]), 1979 (private foundations [2] and nonexempt charitable trusts [3]), 1975 (charitable exempt organizations [4]), and 1977 (farmers' cooperatives [5]). Processing has been completed on a 1982 study of charitable exempt organizations, specifically section 501(c)(3) organizations. Results from the 1982 private foundation study were published in the Fall 1985 issue of the SOI Bulletin. The findings from the charitable exempt organizations study will appear in the SOI Bulletin, Winter 1985-1986.

Current Studies. -- As indicated above, the first annual studies for private foundations and charitable organizations exempt under subsection 501(c)(3) are complete. Studies of private foundations and charitable exempt organizations for Tax Year 1983 are already underway.

The two exempt organization studies are based on a tax year concept [6] instead of the processing year concept used prior to the 1982 studies. The sample for the annual private foundation studies consist of all Forms 990-PF with total assets of $10 million or more plus a random stratified sample of returns from the remaining population.

The annual charitable exempt organizations study includes only those organizations classified as tax-exempt under subsection 501(c)(3) of the Internal Revenue Code. The organizations under this code are religious, educational, scientific and literary organizations (excluding private foundations). The sample consists of all subsection 501(c)(3) organizations with total assets of $10 million or more plus a random stratified sample of approximately 600 returns from the remaining population.

The 1983 studies are very similar to the 1982 studies and will be "rolled over" to the extent possible. The sample for both studies are longitudinal in design so that, essentially, the same organizations are observed over time. However, the sample is also designed to allow for additional returns as a result of growth. When this occurs, we will go back and edit the return from the previous year. A mechanism for processing these returns is not yet in place. In the interim, we will identify these returns and obtain them for a

future edit. This will mean that for organizations that are added to the sample as a result of growth, we will have data for every year since they were selected and data for the year prior to their initial selection. For all other organizations in the sample, except for "new" organizations, data will be available for every year since 1982.

The National Center for Charitable Statistics (NCCS) has agreed to support the 1983 and 1985 Exempt Organization projects. NCCS representatives will work with SOI to develop a plan that would augment the 1985 sampling plans to correct weaknesses identified by NCCS. Our sample is designed to obtain greater numbers of returns in the larger asset sizes. As a result, social welfare organizations, which are largely in the lower asset sizes, are not well represented in our sample. We are also working with NCCS to use their classification system to code all of the charitable organizations on the data file. We are working with NCCS representatives to classify the organizations on the 1982 file. We will then transfer the coded information onto the 1982 990 tape and use that information to code organizations in our 1983 file.

Returns for both studies are edited at the Philadelphia Service Center, but on the basis of experience with the 1982 studies, some operational changes have been made. In 1983 and subsequent studies, original or photocopies of returns will be used for editing, rather than microfiche aperture cards that were used for the 1982 studies. Editing from paper documents requires about one-third the time it takes to edit from microfiche. However, the aperture cards will be used for returns that cannot be secured.

A microcomputer is being used by SOI Division personnel to maintain a control system for returns sampled for the private foundation and charitable organization studies. As returns are received by the Philadelphia Service Center a control card is sent to the SOI Division. The information from the control card (state and employer identification number) is transcribed onto an in-house computer file.

The front-end processing for the 1982 studies was contracted out through the IRS Data Center. The system was installed on Data Center computers for the 1982 studies. For the 1983 studies the software was moved to the Office of Information Systems where the consistency testing will be performed after the data are transcribed from edit sheets at the Philadelphia Service Center.

In addition to the data obtained from the sample studies discussed above, we have been receiving, annually, the Master File tapes (containing data on a record by record basis) which are used to produce the annual Master File tabulations. However, as a result of preliminary findings from a working group, which included representatives from several functions within IRS, investigating the quality of data recorded on the Master File from exempt organizations returns, the exempt organization transactions tapes for returns processed in 1985 or earlier will no longer be released. Also, until steps have been taken to improve exempt organization returns processing, tapes for subsequent years will not be released. The SOI Division is working with Returns Processing and Accounting Division and Exempt Organizations Division to improve the quality of these data. These efforts have focused on developing measures of quality, checking data for validity, and increasing the number of tests for internal

consistency [7]. Before data are released, another comparison will be done between SOI and transaction tape data. If this study confirms that the transaction data are of acceptable quality, it will be released. After this, SOI will have to approve any release of data from the Master File system.

The advantages of the Master File data for exempt organizations are that they are economical to produce, they are very timely, and they are not subject to sampling error. The disadvantages of the Master File data are that they contain limited item detail and they are subjected to limited key-verification, and do not undergo rigorous consistency testing. However, as mentioned above, efforts are underway to improve the quality of the data on the Master File.

Future Studies. -- The basic specifications for these studies will be "rolled-over" from year to year. Since the studies are essentially longitudinal, the same organizations will be sampled each year. Provisions have been made for increasing the sample to the extent that organizations "grow" into the 100 percent category, (i.e., assets increase to $10 million or more). When this occurs, the organization's return will be included in the sample for succeeding years, and the prior year's return will be obtained and included.

Beginning with the Tax Year 1985 Exempt Organization studies, we will use a microcomputer to note inconsistencies in the tables from year to year. This will be done by statistically comparing the tables each year, and any large differences between years will be flagged. We will research the problem cases to determine the cause, correct any problems, and document the methodology used so that the users of the data are aware of any large scale changes. Until this computer system is installed, a manual approach will be taken.

For Tax Year 1985, we will also be conducting, along with the regular SOI study, a study on private foundation administrative expenses. The Treasury Department has been mandated to submit a study to Congress by January 1, 1990, concerning administrative expenses incurred by private foundations. This study will be done by SOI Division in conjunction with the Employee Plans and Exempt Organizations Division and the Research Division of the IRS. The design of the study is to evaluate data on administrative expenses available for a pre- and post-audit comparison. If there are minimal differences, it is possible that SOI data can then be used for evaluation purposes. SOI data would be more comprehensive and the coverage would be better because of the expanded sample size.

The sample for the special study of administrative expenses will consist of approximately 800 private foundation returns. Approximately 125 items related to administrative expenses will be edited onto "check sheets" by employees of SOI and Exempt Organizations Divisions using in-house microcomputers. The data will then be transcribed onto magnetic tape for consistency testing at the Office of Information Systems. An analysis of the data will be made to determine if there are significant differences in pre- and post-audit figures. We will then provide tabulations of the data to Employee Plans and Exempt Organizations Division, and collaborate with them on the preparation of a report for Treasury Department, analyzing the results of the study.

The 1985 Private Foundation form will undergo a major revision to obtain information on administrative expenses. Our plan is to have the front-end systems work for our Tax Year 1985 study developed by SOI Division personnel. The software will be maintained in-house on a minicomputer. The data will continue to be edited and transcribed at the Philadelphia Service Center. The tape would then be shipped to the SOI Division, rather than the Office of Information Systems, for consistency testing on our minicomputer. Error registers would then be printed in-house and shipped to the Philadelphia Service Center for error resolution processing. The charitable exempt organization study will be converted to the in-house minicomputer starting with the Tax Year 1986 study. Our plan is to do the conversion in-house. Subsequent to the 1986 study all systems maintenance will be done in-house.

Beginning with the Tax Year 1985 study, the private foundation sample will be computer-designated using the transaction files at the same time the corporation and partnership returns are designated. This will facilitate the use of transaction tape data in future years. Beginning with a pilot study for the 1985 private foundation study, a record containing transaction tape data will be printed for every designated return. This computer-printed record will be associated with the return and provided to an editor, who will abstract additional data onto the computer-printed record. The additional data will then be transcribed. To measure the quality of the transaction file, all of the data will then be subjected to extensive consistency tests. A quality report will be provided to the Returns Processing and Accounting Division. The advantages of this system are tighter controls on the sample, reduction in editing and transcription costs to the extent that items from the transaction file can be used, and the elimination of separate edit sheets. If the pilot study is successful, then a similar system will be used in subsequent years and initiated in Tax Year 1986 with the charitable exempt organizations study.

An adjustment to the sample size for the annual exempt organization studies will be made, as necessary, in the number of private foundations or exempt organizations with $10 million to $50 million in total assets to account for inflation of assets over time. (Any deaths will be replaced by new births.) All other aspects of the studies will be "rolled over" from year to year. We plan to develop an archival file with the charitable exempt organization data utilizing the longitudinal sample.

The next farmers' cooperative study is planned to coincide with the 1987 quinquennial economic census. Plans are to obtain most of the data directly from the Master File system. Data not available from the Master File system will be edited from the returns. The combined data set will be fully tested before results are produced. As was done with the previous study, we will rely on the Department of Agriculture to produce (at no cost to SOI) the final data files and to compile the needed tabular summaries.

For Tax Year 1988, we are planning a study of the Exempt Organization Business Income Tax Return, Form 990-T. We are exploring the possibility of a computer designated sample and the use of Master File data. Information on the amount of unrelated business income taxes paid by tax exempt organizations and the types of organizations paying the tax would be available. All systems

work and table programming will be done in-house. We are exploring the possibility of conducting a small scale pilot study in 1986. A manual sample would be pulled at each service center and these returns would be shipped to the SOI Division for editing and testing.

The next study planned for the nonexempt charitable and split-interest trusts will be for Tax Year 1989. Since the program is very similar to the private foundation study, all systems work will be done in-house. Data from the Master File system will be used to the extent possible. In an effort to minimize the costs, the sample will be relatively small. The cycle for this study will be changed from every six years to every ten years.

Once it is determined that the problems with the Master File system have been fixed we will undertake a computer matching of private foundations and charitable exempt organizations transaction files from year to year. The purpose is to determine the number of organizations that switch between private foundation and "tax-exempt" organization status. Once these organizations have been identified, we can study their characteristics and determine why the changes took place.

Measures of population and sample counts, as well as program content, are shown for private foundations, charitable exempt organizations and farmers' cooperatives in Table 1.

Resources. -- The allocation of resources for these studies (shown in Table 2) is based on the following assumptions:

- consideration was being given to cycling these studies every two years because of resource limitations. However, negotiations were successfully concluded with the National Center for Charitable Statistics to provide the SOI Division with funding for the Tax Year 1983 and 1985 exempt organization studies. This commitment will enable us to continue with these studies on an annual basis, at least through Tax Year 1985;

- for the 1983 and 1985 studies the front-end programming will be "rolled over" and installed at the Office of Information Systems;

- For the 1985 private foundation study, we will conduct a pilot study utilizing data abstracted during revenue processing. These data would then be merged with SOI edited data; the same procedure will be implemented for the 1986 charitable exempt study;

- computer checking of tables from year to year will be implemented with the Tax Year 1986 studies. In the interim, manual checking will be intensified;

- increased use will be made of computer corrections;

- on-line error resolution will be used beginning with the Tax Year 1986 studies;

- all tables produced for these studies will be done in-house;

- a study of farmers' cooperatives will be done for Tax Year 1987. The Department of Agriculture will perfect the data files and provide the tables at no cost to SOI;

- a study of exempt organization business income tax returns will be conducted for Tax Year 1988 with a small pilot beforehand;

- a study of nonexempt charitable and split interest trusts will be conducted for Tax Year 1989;

- Master File data on tape will be obtained for all exempt returns and in-house computer tabulations will be generated from these files; and

- all data to be published will be included regularly in the SOI Bulletin and will also be released in the exempt organization compendium to be released in the Fall of 1988.

PRIVATE FOUNDATION ARCHIVAL STUDY

The SOI Division is conducting a research study that involves establishing a longitudinal file of the largest private foundations, those with total assets of $50 million or more, from 1974 through 1981. These data can then be linked with the annual private foundation studies to provide the basis for an archival file. It is intended that once established, this archival file would continue to grow annually. The data from the private foundation study will be tied into the private foundation archival study. (We plan to develop an archival file for non-profit charitable organizations. The longitudinal design of this study will allow us to track the same organizations over time).

Current Studies. -- Using the Processing Year 1983 Standard Extract of Exempt Organizations from the Business Master File (BMF), Statistics of Income Division identified private foundation entities with assets of $50 million or more. The list includes 100 foundations. Microfiche aperture cards for many of these foundations were obtained from The Foundation Center for Tax Year 1974 through 1981. For those organizations not in The Foundation Center aperture card library, photocopies of their returns were obtained from various IRS Service Centers and Federal Records Centers. All major return items, in addition to selected balance sheet and income statement items, will be edited from the aperture cards or paper returns at the SOI Division and transcribed onto tape at the Philadelphia Service Center.

The data tape will be sent to the National Office where it will be placed on a microcomputer in the Division. Since the data file will consist of only 800 records, the consistency testing and error resolution will be performed on the microcomputer by the SOI Division. All pre-table analysis and programming will be done in-house by Foreign Branch personnel. The accepted data file will be ready in December 1986. Tabulations for each year will be produced by March 1987. Further statistical research will involve year-to-year comparisons of the data using regression analysis to identify

abnormalities in the data, analyze trends, and examine changing reporting patterns. We expect to complete our analysis by June 1987, and publish the results in the SOI Bulletin. Work on this project has temporarily halted because of resource shortages in the National Office.

Resources. -- The allocation of resources (shown in Table 2) is based on the following assumptions:

- this data file will be supplemented annually with data from the annual private foundation study;
- editing will be done in-house;
- transcription will be done at the Philadelphia Service Center;
- tabulations will be produced in-house; and
- results will be published in the SOI Bulletin and will be included in the compendium on tax exempt organizations scheduled for publication in the Fall of 1988.

ESTATE AND PERSONAL WEALTH

This area encompasses projects related to Forms 706, Estate Tax Returns. Until recently, data on this form were published in an SOI report on a cyclical (although irregular) basis, the most recent full report being for 1976; however, an article on 1983 estates was published in the SOI Bulletin, Fall 1984. Supplemental studies on "personal wealth" estimated from estate tax returns (the most recent being papers presented at the 1983 and 1984 American Statistical Association meetings [8], and in the SOI Bulletin [9]), and the collation of data on decedents' income and wealth with data on income of beneficiaries [10] have been by-products of estate return projects.

Current Studies. -- For estate studies involving returns processed from 1982-1985, sample selection was limited to those decedents with $300,000 or more of gross estate, which is roughly equivalent to the 1984 year-of-death filing requirement. The sample design and use of returns selected is provided below:

1. A sample of returns with year of death 1982 filed in 1982-1985 was selected for use in the "estate" and "personal wealth" estimates. Those with $1 million or more gross estate (filed in 1982-1983) were used in the 1982 "collation" sample;
2. All returns with gross estates valued at $5 million or more filed in 1982-1984 (regardless of year of death) are being selected and used principally to augment the "personal wealth" sample for 1982 and those filed in 1982 and 1983 (1982 year of death only) were used in the 1982 "collation" sample;

3. All returns of decedents under 45 years of age with gross estate valued at $1,000,000 or more and a sample of returns of decedents under 45 years of age with gross estate valued at less than $1 million filed in 1982-1984, regardless of year of death;

4. Returns of decedents whose Social Security Numbers are included in the Social Security Administration's 1% Continuous Work History Sample (CWHS), not previously selected as part of 1-3 above, were selected and those filed in 1982 and 1983 (1982 year of death only) were used in the 1982 "collation" sample.

Summary estate tax return data for each filing year will be produced by suitably weighting the returns selected as indicated above. These tabulations will be similar to those shown in past reports (albeit abbreviated). Selected information will be included in the Fall 1986 issue of the SOI Bulletin [11].

In March 1984, the software for this study was moved to the Philadelphia Service Center where the editing and error resolution were being done. This permitted better coordination of the manual and computer operations. Starting with the processing year 1984 program, all tables were produced in-house.

For the 1985 study, the transcription and post-consistency test processing were moved from the Data Center to the Philadelphia Service Center (PSC). These programs are executed by PSC personnel, with maintenance of the programs by Foreign Branch personnel. In addition, we have moved the microfiche processing from the Data Center to the Kansas City Service Center.

An article providing estimates of personal wealth for 1982 will be produced and the data released in the Summer 1986 issue of the SOI Bulletin. This study will use returns of 1982 decedents (selected as indicated above) filed in 1982-1984 (presumed to give complete "year-of-death" coverage). This represents a change in the scope of the study, since in the past, wealth estimates were made from the estate "filing year" sample. The advantage of a "year-of-death" sample is that the wealth reflects that of a given year rather than a series of years. Additionally, in order to meet the immediate needs of our users, preliminary estimates of personal wealth are being produced annually on a filing year basis [12]. Our preliminary estimates were derived using mortality data for 1976 from the Metropolitan Life Insurance Company. When the final estimates for the 1982 decedents are published, they will include updated mortality rates.

The 1982 estate-income tax collation study is in progress. In the previous study, a list of decedent and beneficiary SSN's was used to query the Individual Master File for Document Locator Numbers which were required in order to retrieve returns. After the returns were located, data were manually edited and further processed. Beginning with the 1982 study, data are being extracted directly from what is contained on the Individual Return Transaction File and Business Return Transaction Files, thereby eliminating the need for retrieving returns for manual editing. An addition to the 1982 study involves adding to the collation the fiduciary income tax returns filed by beneficiaries which are trusts or other estates. We are also obtaining the data from

the gift tax returns filed by the decedents for the two years prior to death of the decedent.

To date, all gift, estate and the 1980-1983 individual and trust records have been provided to the Office of Tax Analysis. As resources permit, we plan to design and program tables for this study so that we can provide analysis of these data.

Beginning with Processing Year 1982, the Division is obtaining annually, a tape copy of all estate tax return records posted to the Business Master File (BMF). These annual tapes will be retained in the SOI tape library and will serve as the basis for further sample research, and may serve as the source for population data on tax-related items (the basic content of the BMF). As shown in Volume III of the Multi-Year Operating Plan, there are 17 items on the BMF which are also edited as a part of the estate study.

Future Studies. -- For estates and personal wealth, the future program is similar in scope to the current program: Basic "estate" data will continue to be produced every year; personal wealth data on a four-year cycle using the "year-of-death" sample selected in the three filing years; and "Collation" studies on a four-year cycle, using a slightly abbreviated "year-of-death" sample. The timing for the year-of-death studies will be for years ending in "2," "6," and "9." This will allow for the same cycling which is being established in the intergenerational wealth study discussed later in this chapter. These estimates will be included in papers presented periodically at the American Statistical Association meetings and in annual SOI Bulletin articles, as well as being included in the compendium on wealth and wealth related studies.

For the 1986-1988 estate studies, our plan is to complete all front-end processing in-house by Foreign Branch personnel. Beginning with the 1986 study we plan to use Master File System data. Data from the Master File System will be printed onto an error register for subsequent processing. Data not obtained from the Master File system will then be added prior to the record undergoing consistency testing. Maintenance of the computer programs at Philadelphia will be performed by Foreign Branch personnel.

Other major changes for the 1986 study are all planned to reduce costs. We are redesigning the sample of the young to include all returns of decedents under 45 years of age with gross estate valued at $2 million or more and a sample of returns of decedents under 45 years of age with gross estate valued at less than $2 million filed in 1986-1988, regardless of year of death. Formerly we included all such returns with gross estates valued at $1 million or more. In addition, we plan to microfiche only those returns with a gross estate valued at $10 million or more.

Additional research is being done on various aspects of the wealth related studies to reduce the costs of the studies for future years. They include:

- using transaction file data and merging these data with SOI data in lieu of a full SOI edit:

- editing to be performed at Philadelphia and possibly one other service center starting with the Tax Year 1986 study;

- editing the beneficiary information for estates each year to provide additional data to be used with the estate archival study;

- microfiching of estate returns will be done at Kansas City Service Center;

- development of the pretable computer programs for the 1986-88 studies will be done in-house using Foreign Branch personnel;

- using more automatic corrections for error resolution;

- computer checking of tables from year to year starting with the 1986 study;

- having a personal wealth file that would be updated yearly;

- improving the capacity to produce tabulations from the various estate files on a user-request basis; and

- designing the 1986 study to accommodate all of the needs of the Intergenerational Wealth Study, described below.

Estimates of the population and sample sizes, as well as program content, are shown in Table 1.

Resources. -- The allocation of resources for these programs (shown in Table 2) is based on the following assumptions:

- basic estate tax return statistics will be derived annually from the SOI samples or directly from Master File tapes;

- estate tax returns in the current study will be edited, tested and error resolved by personnel in the Philadelphia Service Center;

- processing will be performed at Philadelphia and possibly one other service center for processing year 1987 when the sample size peaks at 13,000. For all other years processing will only be done at Philadelphia alone;

- all microfiching began at Kansas City Service Center starting with returns filled in 1985;

- transcription of edit sheets will be performed at the Philadelphia Service Center;

- All systems processing for the 1985 study is being done at the Philadelphia Service Center;

- all estate tax and personal wealth tables produced for the Office of Tax Analysis will be produced by the SOI Division using COBOL and GTS or some similar software package at the Office of Information Systems;

- all front-end systems development for the 1986 estate tax studies will be performed and maintained in-house. However the programs will run at the service centers where the returns are edited;

- personal wealth data will be derived from a "year-of-death" sample (covering three filing years) for years ending in "2", "6", and "9";

- future estate collation studies will be done for years ending in "9", making exclusive use of Returns Transaction File data for income tax returns of decedents and individual beneficiaries (Forms 1040/1040A) and estate/trust beneficiaries (Form 1041); and gift returns of the decedent (Form 709);

- tables for the estate collation study will be produced in-house;

- all results to be published will be included in issues of the SOI Bulletin, American Statistical Association papers, and included in a compendium on wealth-related studies.

FIDUCIARY INCOME TAX RETURNS STUDY

The cycle for the Fiduciary Returns Study was originally every four years beginning with 1970. However the 1978 study was cancelled for lack of resources. The most recently published statistical data on fiduciary returns were for 1982 and were published in the Spring 1985 issue of the SOI Bulletin [13]. In order to reduce costs, plans were developed to obtain all fiduciary data directly from the Business Master File (BMF). For Tax Year 1982, a sample of 72,000 fiduciary records was stripped from the BMF for producing tables. Since these data were key-entered for revenue processing purposes, rather than for economic analysis, a small subsample of about 1,100 returns was designed for manual editing, and direct comparisons to the data from the BMF were made. This comparison provided a basis for determining the overall quality of the data as well as the quality of individual data items. Every other year starting in 1984, we plan to do a small quality measurement study to monitor the quality of fiduciary data on the BMF. The quality measurement subsample will be limited to perhaps 50 - 100 returns per service center. For these returns we will compare the return to data on the Returns Transaction File, noting the types of errors and the magnitude of the differences.

Future Studies. -- The next full scale fiduciary study will be for Tax Year 1989 and will tie in with the 1989-91 estate study. The methodology for this study will be similar to the 1982 study in that data will be obtained from the BMF for a sample of 50,000 records. For this study, all of the computer processing will be done in-house or by an outside contractor. Based on our analysis of the results, we may opt for consistency tests that would be done

entirely by computer. If it is determined that manual error resolution is needed, it will be conducted at one service center.

The primary issue that needs continual attention relates to the quality of the fiduciary data obtained from the Business Master File. Part of this concern will be addressed through the biennial small scale quality studies. It will also be necessary to maintain close coordination with the Master File processing function to ensure that all items necessary to publish fiduciary data are adequately maintained on the BMF.

Resources. -- The allocation of resources for these studies (shown in Table 2) is based on the following assumptions:

- biennial small scale quality measurement samples for fiduciary returns will be drawn;
- tables will be generated in-house using GTS for the biennial studies;
- the next full scale study will be conducted in 1989;
- BMF will continue to be the source of these data and no original abstraction will be performed; and
- programming of consistency tests will be done in-house or by an outside contractor for the 1989 study; and tables will be programmed in-house.

GIFT TAX

This area encompasses projects related to Forms 709, Gift Tax Returns. Data on gifts have not been tabulated since the study for 1965 [14]. However, as mentioned earlier in this chapter, data on gifts from the Business Master File will be collated with the estate tax record in the estate-income tax collation study.

Current studies. -- A gift tax pilot study was initiated in 1983 and is tied to the 1982 estate study. Most gift tax returns are expected to be associated with a gift tax folder [15] in one IRS service center. For estate returns showing gross estate of $5 million or more processed between July 1983 and December 1984, the gift tax folder of the decedent was obtained. The folder was associated with the estate tax returns. Microfiche copies of the estate return and gift tax folders were made at the IRS Data Center. These microfiche records were sent to the SOI Division. (At the present time about 650 estate returns and over 6,000 filed gift tax returns are being maintained.)

Upon examination, we determined that 600 estate returns were more than we needed for a pilot. Therefore, we took a subsample of approximately 250 estate returns with gross estate of $5 million or more with the objective of trying to achieve a yield of about 3,500 gift tax returns. In addition, in an effort to learn more about the gift giving of the nonwealthy, we also took a sample of 100 gift returns for estates under $5 million of gross estate.

Transcription of all gift tax returns at the Ogden Service Center was completed in December 1985. The plan is to format our computer file so that listings and basic tables can be produced. If resources permit, we plan to undertake a full scale pilot and program the front-end of the system and tables in-house. The programs would be installed at the Data Center where consistency testing and table production would take place. All error resolution would be done by the Ogden Service Center. Results of this study may be included in the 1987 compendium on wealth-related studies.

Future Studies. -- A full scale study will be conducted in 1989 to coincide with the 1989 estate study. This study will provide additional insight on the relationship between wealth transferred inter vivos or by bequest. A more in-depth analysis of the intergenerational transfer of wealth will thus be obtained by tying in the wealth provided by the decedent before death with the wealth as obtained from the estate tax return. We can also examine the economic behavior of the recipients of the gifts. This could be done by analyzing the data ob- tained from the Individual Returns Transaction File in the estate collation study. For the 1989 study, plans are to edit the gift data from the return rather than from microfiche, and to maximize use of automatic computer corrections.

We also plan to obtain the gift transaction file data annually. This will allow us to continue to build a complete gift data base which will be useful in tracking the transfer of wealth over long periods of time and through several generations. This complete gift data base can also be tied to the estate archival study in future years. We are also exploring the possibility of producing tabulations annually using data from the transaction tape file.

Resources. -- The allocation of resources for this study (shown in Table 2) is based on the following assumptions:

- gift returns will be edited at the Ogden Service Center;
- systems work for the pilot study will be done by SOI Division personnel;
- systems work for the 1989 study will be rolled-over from the pilot study to the extent possible;
- all table programming will be done in-house;
- some preliminary estimates from the 1982 gift tax pilot study may be included in the 1987 Compendium on Personal Wealth;
- results for the 1989 study will be published in the SOI Bulletin and included in the compendium on personal wealth.

INTERGENERATIONAL WEALTH STUDY

The Statistics of Income Division is undertaking a long-term research project involving all estate tax returns filed since the inception of that tax

in 1916 [16]. The study will focus on the changes in the concentration of wealth during this period and the intergenerational transfer of wealth as well as the history of the estate tax system. The asset composition, available demographic information, and an analysis of beneficiaries of the estates will be areas of emphasis. Other data enabling one to analyze the economic behavior of the affluent and the more favorable mortality rate of the wealthy will be utilized.

Current Studies. -- This study is being conducted in three parts. The first phase, which was completed in 1984, involved an evaluation of the condition and our access to those estate tax returns which have been retired to Federal Records Centers. Upon establishing the data to be obtained from the returns, there followed the second and third phases of the project involving the data collection and testing of the information.

Basic information enabling the match of the beneficiaries of the estates with the estate tax returns ultimately filed for those beneficiaries are obtained during the second phase of the study. The data obtained from these returns includes limited identifying and demographic information as well as information on size of gross estate, amount of tax, and other information enabling estimates of total assets and net worth. In addition to the basic data to be extracted from all returns and in order to produce a time-series of wealth estimates, detailed asset information is extracted from returns filed for selected years.

A machine-readable set of information has been created for all returns of decedents who died between 1916 and 1935 and we plan to continue this effort for all decedents who died before 1946. For the estates of decedents who died thereafter, the information will be obtained only for those with gross estate in excess of an annually increasing amount (subject to available resources). While we would like to obtain this information for all decedents subject to the estate tax since its inception in 1916, the realities of a limited budget require reshaping the database.

Detailed asset information has been obtained for a sample of decedents who died in 1916 to 1920 and 1928 to 1930. Returns filed for decedents who died in the following years will also be subject to this complete edit: 1938 to 1940, 1944, 1948 to 1950, 1953, 1959, 1968 to 1970, and 1979. Groups of three years have been selected to center around years ending with a 9 (ie: 1928 to 1930) in order to coincide with Census data on income, which are available for years ending in a nine. Wealth estimates obtained for the single years 1944 and 1953 were designated so that a comparison can be made to wealth estimates produced by Horst Mendershausen in 1944 and Robert Lampman in 1953.

For those years not subject to a complete edit, detailed asset information will be obtained for only the estates of the very wealthiest decedents each year. All large returns will be microfiched so that they will be available for future research and analysis.

Because of the wide range of possible applications for this study, a users' advisory group is being established to discuss the potential uses and to ensure that all relevant information is extracted from the returns. The

recording of identifiers that will permit matching with a variety of other databases is especially important. We have acquired a database system, Generalized Interactive Record Linkage System (GIRLS), from Statistics Canada for matching files. This system, which is IBM compatible, will be installed on the NAS computer at the Data Center. A meeting with the users' advisory group is scheduled for March 1986. At that time, we plan to asses the needs of potential users of these data. We expect to add more items to our list of those to be extracted from the returns.

As part of the final phase of the study, we will obtain further asset and bequest data from a sample of the estates of both the benefactors and the beneficiaries upon the identification of the estate tax returns of those beneficiaries.

Starting in 1982 we obtained the estate transaction files. In order to ensure the continuation of tracking the transfer of wealth in the future, we plan to continue obtaining these files each year. In addition we plan to edit information on beneficiaries each year from our annual estate study. Our plan is to capture this information for estates with $5 million or more of gross estates. We also plan to have all estate studies coincide with the same cycle used for the complete edit for the intergenerational wealth study (i.e., conducting these studies during years ending in "2," "6," and "9").

Resources. -- This study is quite large in scope and will require several years (through 1991) to complete. As a result of the magnitude of the study, the Division is seeking funding from a variety of outside sources including the National Science Foundation. The allocation of resources for this study (shown in Table 2) is based on the following assumptions:

- the SOI Division will review returns at several Record Centers to determine the data to be obtained;
- coding, transcription and error resolution will be done at the Ogden Service Center;
- all systems work required for this study will be developed at the Data Center and installed for processing at OSC. After the system has been developed it will be maintained by the Foreign Branch;
- data obtained will be made available by creating various public use files each designed for a unique type of analysis;
- a pre- and post-audit study will be conducted to determine the effect of the IRS audit operation on the value of estate assets; and
- findings will be published on an ongoing basis in the SOI Bulletin while the data are being accumulated, and will be included in the compendium on wealth and wealth-related studies to be published in 1987 and 1992. ASA papers will also be published each year.

IRS/FORBES MATCH

The "estate multiplier technique," while an important tool in estimating personal wealth, is limited to top wealthholders. In addition to this restriction, the estimates of the very wealthiest people are subject to the large variances associated with a very small sample. As part of our research program, we are investigating alternatives designed to minimize this problem. One such approach is utilizing the Forbes Magazine estimates of the 400 wealthiest individuals in the United States. A blend of the demographic and financial information for these individuals may be used with the information we presently have from returns at an equivalent wealth level.

Current Studies. -- A manual tabulation of the net worth of the 1982 and 1983 Forbes 400 classified by demographic variables such as age, sex, state of residence, etc., has been completed. A similar tabulation is being prepared for 1984. We will also study each estate tax decedent identified on the Forbes list. In addition, those estate tax returns for individuals who were incorrectly excluded from the Forbes 400 will be analyzed. We plan to make a comparison between the years to enable us to analyze the shift in wealth at this high level. The results will be used to develop ways in which we could perfect our estimates of personal wealth.

Resources. -- The resources for this study are minimal and are all allocated to the SOI Division.

ESTATE OCCUPATION/CAUSE OF DEATH STUDY

In an effort to improve the estate multiplier technique currently used in producing the personal wealth estimates, we are planning to obtain death certificates and the cause-of-death code from the National Center for Health Statistics (NCHS) for approximately 1,000 decedents of large estates. The occupation as well as cause of death will be analyzed and compared with general mortality rates to develop improved differentials in mortality.

Current Studies. -- The approximately 1,000 decedents to be included in this research study will consist of those decedents with a gross estate valued at $5 million or more processed in 1982 or 1983. A tape containing the SSN's of those decedents was matched against the 1982 National Death Index (NDI) file to obtain the death certificate numbers and the State where certificates were filed. The first listing was obtained in May 1985 and the second in December 1985. A substantially greater number of matches was produced in the second listing due to the revised NCHS criteria that had been implemented during that time. In order to assure the confidentiality of our data during the matching against the NDI, we had an analyst present at the NCHS facility in North Carolina. The analyst also ensured that NCHS did not save any output from the computer runs and that all internal memory had been scratched. Data on the cause of death will be used to refine the weighting factors currently used in the personal wealth area.

In addition to the pilot study, the Division is also undertaking a full scale reimbursable study along these same lines. The main purpose of the full

scale study is to test the adequacy of a combination of IRS information on current occupation, and Social Security Administration (SSA) data on industry in which the individuals are employed, and to detect differentials in mortality associated with employment [17].

Resources. -- Only the resources for the pilot study are shown in Table 2. This study will be a part of the ongoing estate program starting with the 1986 study and has been included in the costs of the main project.

INCIDENCE OF TAXATION

The purpose of the study on the incidence of taxation is to analyze income of a household both before and after taxes. In addition, it allows us to link demographic data, non-taxable income and data on non-filing units with the current SOI data. We have worked with the Office of Tax Analysis to establish a "working file" produced from a statistical match of the 1981 Individual SOI File (augmented with items from an exact match with Social Security Records) and the 1982 Census Current Population Survey (CPS) File. The data from these two files have been extrapolated to simulate 1983 income. The "working file" consists of "tax unit" records grouped by household. Each record contains an indicator showing which record within the household it is, and how many tax units there are in each household. A paper describing the methodologies and the findings (comparing our findings to published Census data) was written and presented at the Conference on Tax Modelling, Lac. Ste. Marie, Quebec, Canada, September 17-19, 1985 [18].

Future Studies. -- A "working file" has been re-created using more variables and proposed modifications to the techniques for estimating before tax income and state and local income tax for non-itemizers. Also, the question of whether to exclude sales tax paid from after-tax income is being investigated along with the implication of including income from foreign sources as well as taxes paid on that income. The results of this further research will be presented in a paper at the 1986 American Statistical Association meeting in August 1986.

Resources. -- The resources for this study are minimal and are all allocated to the SOI Division.

PRIVATE ACTIVITY BONDS

Provisions of the Tax Equity and Fiscal Responsibility Act of 1982 require issuers of certain "private activity" bonds to submit information to the Secretary of the Treasury in order for the obligations to retain their tax-exempt status. The reporting requirement applies to all industrial development bonds, student loan bonds, and bonds for which a major portion of the proceeds are used by certain exempt organizations.

A Form 8038, Information Return for Private Activity Bond Issues, was created for issuers to report the necessary information such as type of bond issue, description of the obligations, proceeds of the issue, description of the financed property, and description of initial principal users. The return

must be filed within 45 days after the quarter when the bond was issued.

Current Studies. -- The Office of Tax Analysis requested that the SOI Division provide them (and the staff of the Joint Committee on Taxation) with tape files of data from the Forms 8038 on an annual basis. The Philadelphia Service Center is responsible for coding and transcribing the data (virtually the entire return) for the estimated 11,000 - 14,000 returns per year. The tapes are sent to the Office of Tax Analysis where the data are tested and computer balanced using the computer at the Office of Information Systems. All error resolution is done by the SOI Division with use of the returns.

For 1984 a total of over 14,000 Forms 8038 was processed at the Philadelphia Service Center and data tapes were provided to the Office of Tax Analysis on a quarterly basis. Data based on bonds issued in 1983 were published in the Summer 1984 issue of the SOI Bulletin [19]. The Division will produce tabulations based on bonds issued in 1984, which will be published in the Winter 1985/1986 issue of the SOI Bulletin.

Future studies. -- Plans are to continue statistically processing data from the Form 8038 and provide tapes to the Office of Tax Analysis and the Joint Committee on Taxation each year. A summary of each year's findings will be provided annually for Congress and the public by publishing tables and an article in the SOI Bulletin.

As a result of legislative changes, effective for Tax Year 1985, issuers of mortgage subsidy bonds will also be required to file a Form 8038. The 1985 Form 8038 was revised to accommodate legislative changes, which will be reflected in our study.

Measures of population and program content are shown Table 1.

Resources. -- The allocation of resources for the program (shown in Table 2) is based on the following assumptions:

- coding and transcription will be done at the Philadelphia Service Center (and not included in SOI program costs);
- error resolution will be performed by the SOI Division through an interactive terminal with the Office of Information Systems;
- mortgage subsidy bond data will be obtained starting with Tax Year 1985;
- data tapes will be delivered to the Office of Tax Analysis annually; and
- results will be published annually in the SOI Bulletin.

The Deficit Reduction Act of 1984 requires that additional studies on mortgage credit certificates (including information on beneficiaries of mortgage subsidy bonds) and the carry-over of the unused bonds ceiling for

private activity bonds be conducted. We are in the process of developing requirements for these studies.

WINDFALL PROFIT TAX STUDIES

The statistical program for windfall profits tax relies on three tax forms: (1) the quarterly Form 6047, Windfall Profit Tax, (2) the Form 6248, Annual Information Return of Windfall Profit Tax, and (3) the annual Form 6249, Computation of Overpaid Windfall Profit Tax.

Quarterly Windfall Profit Tax

The Form 6047 is filed quarterly as an attachment to the Form 720, Quarterly Federal Excise Tax Return. It is generally filed by first purchasers who withhold the tax from the amount payable to oil producers.

The Form 6047 provides information on the number of barrels of oil, the aggregate removal value, the aggregate adjusted base value, the aggregate state severance tax adjustment and the tax. The information is reported by type and "tier" of oil at tax rates presently ranging from 22.5 percent to 70 percent. Also provided is information on the type of filer, number of barrels of exempt oil and other entities, deposit dates and amounts and the number of barrels of exempt oil. In addition, data on average daily production, as well as averages for the removal price, adjusted base price, state severance tax adjustment and tax, are provided.

Current Studies. -- The Office of Tax Analysis has requested that IRS tabulate in detail the Form 6047 information on a quarterly basis [20]. The Division is currently acquiring copies of a sample of approximately 150 Forms 6047 per quarter from the service centers and abstracting and tabulating the requested detail. The sample consists of all returns with windfall profit tax liability of $1 million or more and a ten percent sample of the remainder. As returns are received, they are controlled to assure that certain "large" returns ($20 million or more in tax liability) are always included in the quarterly tabulations.

The initial data for the returns are transcribed by an outside contractor; editing, computerized data perfection, and tabulation of the data are performed by SOI Division personnel. Beginning with the Tax Year 1984 study, corrections to the data file were made interactively using computer terminals. Tables are produced using GTS in conjunction with the Division's terminal link with the computer located at the Treasury's Office of Information Systems.

The IRS has released quarterly tax liability statistics on the windfall profit tax since its inception (March 1980). Detailed tabulations are supplied to OTA about six months after the end of the quarter in which the oil was removed (and four months after the due date of the return). In addition, summary tables for the most recent quarter are published in each SOI Bulletin.

Future Studies. -- The Division plans to continue to generate quarterly data. In an effort to improve the system, several enhancements are being considered.

We are giving consideration to loading the quarterly and historical files on an IBM PC or similar microcomputer. We are also studying various methods to be used for imputing missing records, including "Link Relative Estimation" [21].

Measures of population and sample counts, as well as program content, are shown in Table 1.

Resources. -- The allocation of resources for this study (shown in Table 2) is based on the following assumption:

- the sample size will remain approximately 150 returns per quarter;
- the SOI Division will continue to perform the statistical processing;
- we have been replacing missing returns and/or missing data with information from prior quarters;
- interactive correction to the file began with Tax Year 1984;
- there will be an article on windfall profit taxes each year in the Fall Issue of the SOI Bulletin; and
- quarterly tables will be published in the SOI Bulletin

Annual Windfall Profit Tax

The Form 6248 is filed annually and provides information on the number of barrels of oil and tax withheld by type and "tier" as well as the number of barrels of exempt oil. It is generally filed by first purchasers, electing operators, and qualified disbursers to report windfall profit tax information on a producer-by-producer basis.

OTA has requested a periodic study in this area in order to determine the effect of the windfall profit tax on a marginal tax rate of "true" oil producer. Even though this is an annual form, the number filed is significantly greater than the number of Forms 6047 [22]. The primary objective of the statistical study of the Form 6248 is to determine the effect of the windfall profit tax on the marginal income tax rate of "true" oil producers. Of course, to ascertain the tax effect, it is necessary to link all the windfall profit tax information as reported on one or more of the Forms 6248 for a given producer to the producer's income tax information as reported on the individual, corporate, or other income tax return.

For the 1982 study a sample of 40,000 returns was selected from a population of approximately 4.0 million. The sample consisted of all "large" returns (those with 500,000 or more barrels of oil, or annual windfall profit tax liability of $3 million or more) and a one percent sample of all other returns. Returns were selected at the service centers, where the data were abstracted directly onto tapes. These tapes were shipped periodically to the National Office for consistency testing and error resolution.

Future Studies. -- The next study is scheduled for Tax Year 1989. In keeping with the idea of rollover, the content of the study will remain as constant as possible.

Measures of population and sample counts, as well as program content, are shown in Table 1.

Resources. -- The allocation of resources for this study (shown in Table 2) is based on the following assumptions:

- statistical studies will be cycled every six years;
- service centers will abstract the statistical data as a part of the administrative processing of the returns;
- a significant number of filings will be on magnetic tape;
- file perfection will be done by the SOI Division
- tables will be produced by the Division using GTS; and,
- results will be published in the SOI Bulletin.

Overpayment of Windfall Profit Tax

The Form 6249 is filed annually by producers for whom the windfall profit tax payments during the year exceeded the tax liability for that year. The Form 6249 can be filed with the producer's annual income tax return (Forms 1040, 1120, 1041), with the Form 843 ("Claim" for refund) to obtain an immediate refund of the credit, or with an amended return such as Form 1040X or Form 1120X.

The Form 6249, Overpayment of windfall profit tax, study can be divided into two parts. The first part consists of those Forms 6249 filed with income tax returns in the Statistics of Income samples of individuals and corporations. Data on the amount of overpaid windfall profit tax are published in the regular SOI publication for corporation and individuals. The second is the data obtained from Forms 6249 which are filed with Forms 1040X (individual amended returns), 1120X (corporation amended returns), and 843 ("Claim" for refund other than income tax).

Future Studies. -- The next study is planned for Tax Year 1989 to coincide with Form 6248 windfall profit tax study. By doing both studies in the same year, it will be possible to determine the amount of windfall profit tax withheld for the producer, and the amount of tax the producers claim as an overpayment. For the 1987 study the sample will be computer designated, and the sample of Forms 6249 with amended and "claim-for-refund" returns will be sent to the Austin Service Center for statistical processing. In addition, we will obtain certain Returns Transaction file data (such as total income) for those taxpayers in the sample; these data will be added to the file and included in the tabulations we will be producing. We will maximize the use of computer corrections during consistency testing and will thus be able to

produce tabulations on request. Estimates of the overpaid windfall profit tax obtained from the individual and corporate SOI studies will be provided to the Office of Tax Analysis on an annual basis.

Measures of population and sample counts, as well as program content, are shown in Table 1.

Resources. -- The allocation of resources for this study (shown in Table 2) is based on the following assumptions:

- the sample will be computer designated and sample returns sent to the Austin Service Center;
- editing will be done at the Austin Service Center;
- on-line error resolution will be used;
- selected income tax data will be obtained from the Form 1040 portion of the Returns Transaction Files; and
- tables will be produced in the SOI Division using GTS.

EXCISE TAXES ON CERTAIN HAZARDOUS SUBSTANCES

The Environmental Protection Agency (EPA) has contracted with the SOI Division to obtain detailed data on excise tax collections relating to requirements of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERLA). In general, this Act sets up a "superfund" to provide for liability, compensation, clean up, and emergency response for hazardous substances released into the environment. The "fund" is financed through excise taxes on manufacturers, producers, or importers of more than 40 chemical or petroleum substances. The taxes are reported on Forms 6627, Environmental Taxes, and attached to the Quarterly Federal Excise Tax Return, Form 720.

Current studies. -- Service centers send the returns, approximately 450-500 per quarter, to the Data Center for editing, transcription and tabulation. Tables are provided quarterly to EPA and OTA. Tables reflecting data through the third quarter of 1984 have been provided to EPA. The results of the data collected for the fourth quarter of 1983 were published in the SOI Bulletin, Spring 1985 [23].

Quarterly tables have been provided to EPA and the Office of Tax Analysis since March 1983. Tables are produced approximately eleven months after the end of the quarter in which the chemicals are produced (and ten months after the return is filed). Beginning with returns processed for the fourth quarter 1983, data on hazardous waste taxes (a new item on the return) were obtained.

Future Studies. -- The legislation creating this "superfund" terminated on September 30, 1985. It is anticipated that CERLA will be reauthorized, in which case, the processing of the Forms 6627 will continue as described above.

Measures of population counts as well as program content are shown in Table 1.

Resources. -- The allocation of resources for this study (shown in Table 2) is based on the following assumption:

- editing will be moved from the Data Center to one of the service centers beginning with the 1987 study.

QUALITY CONTROL

The quality control programs for all Foreign Special Project studies are designed to evaluate quality throughout the following processing stages: sampling, editing, consistency testing, error resolution, transcription, and final output review [24]. Procedures to monitor the sampling activities have been instituted to ensure that prescribed procedures are followed and that appropriate returns are secured. Control lists are produced and reviewed periodically to make certain all returns designated for the samples are included. Samples of an editor's work are selected during initial processing (early production subsample) to assure that all instructions are being followed, then periodically during subsequent processing. The results of these samples will be made available to the processing center. If we find that the service centers are not performing at an acceptable level of quality, we will request that they rework the returns to achieve an acceptable quality.

We also plan to take a sample of the initial error registers to review in the Division to assure that the error resolution is being performed according to the instructions. Prior to the production of final tables, a systems acceptability test (SAT) file is used to run all of the table programs. These tables are then manually tested by checking all total fields and certain randomly selected data items against a printout of the SAT record file.

Beginning with the Tax Year 1984 studies, we will have various codes on the record to permit us to identify the editor, data transcriber and error resolution person so that persons making the errors can be monitored. We also plan to identify which fields were changed by automatic correction during consistency testing and review a sample of records after consistency testing to determine if any errors were introduced at that stage of processing.

The quality measurement program will be used to examine the quality of our statistical processing on an after-the-fact basis. This program will be independent of our quality assurance program mentioned above. A small sample of returns will be tracked through the statistical processing system and errors occurring in various stages -- the editing stage, the transcription stage, the error resolution stage and to the final accepted data -- will be documented. These data will be analyzed to determine where errors were introduced, if original errors were caught during subsequent processing, and to provide an indication of the reliability of various items in the program. The findings of this quality measurement program will be weighted back to the population so that an overall estimate of the nonsampling error can be developed.

Additional quality measurement programs are being developed by the Division to measure the quality of Master File and Returns Transactions File data followed by quality reports to Returns Processing and Accounting Division. As mentioned earlier in the chapter, we will be measuring the quality of the exempt organization data on the returns transaction file. Beginning with the Tax Year 1985 private foundation study, we will be comparing data on the Returns Transaction File with data edited for the SOI study. A similar study will be conducted for the Tax Year 1986 charitable exempt organizations. Beginning with the Tax Year 1986 estate study, we will be using Master File data in addition to our manual edit. The Master File data will be subjected to consistency testing as well as the data manually edited for SOI. We will also be measuring the quality of the data on the Business Master File for the Tax Year 1984 fiduciary income tax returns study. This small scale study will provide a basis of the overall quality of the fiduciary data on the BMF. Reports on the quality of the data on the master files will be provided to Returns Processing and Accounting Division.

The results of the quality analysis will be made available to all data users so that they will know about the abnormalities of the data caused by taxpayer problems or errors introduced during statistical processing. All results will be made part of the project documentation package.

NOTES AND REFERENCES

[1] The results of this study were presented in an article in the Fall 1983 issue of the SOI Bulletin entitled "Private Foundation Information Returns, 1982" by Margaret Riley.

[2] The results of this study were presented in an article in the Fall 1982 issue of the SOI Bulletin entitled "An Examination of Private Foundations for 1979" by Thomas B. Petska. Additional analysis of these data was presented in a paper entitled "The Private Foundation in a Pluralistic Society" by Thomas B. Petska in the 1982 Proceedings of the American Statistical Association, Section on Survey Research Methods. A study was recently completed by the General Accounting Office (GAO) for Congressional hearings on private foundations using the 1979 SOI data on foundations. The results were presented in a publication entitled Statistical Analysis of Operations and Activities of Private Foundations, January 5, 1984, prepared by Thomas Richards and Leon Green of the General Accounting Office.

[3] The results of this study were presented in a paper entitled "Charitable Trusts: An IRS Examination of Nonexempt Philanthropic Organizations" by Thomas B. Petska in the 1983 Proceedings of the American Statistical Association, Section on Research Methods.

[4] Highlights of these tabulations were presented in a paper entitled "Nonprofit Organizations in America: An Examination of Information Filings with IRS" given by John Sullivan and Keith Gilmour and published in the 1981 Proceedings of the American Statistical Association, Section on Survey Research Methods. More extensive data were released in the Statistics of Income Bulletin, Fall 1981.

[5] The latest published report is the Supplemental Report, Statistics of Income--1963, Farmers' Cooperative Income Tax Returns, which was published in 1966. As stated in the chapter, the findings from the 1977 study will be published in the tax exempt organization compendium in 1987.

[6] Tax Year 1983 is defined as accounting periods ending from December 1983 through November 1984.

[7] There have been problems in the past with errors on exempt organization data on the Business Master File (BMF). The SOI Division worked jointly with Returns Processing and Accounting Division, Computer Services, and Employee Plans and Exempt Organizations Division on a Task Force to conduct a quality measurement study of exempt organization data on the BMF. We matched records which had been edited for SOI purposes against the data on the BMF. Any differences were tracked through the system to determine whether the BMF data were coded or transcribed incorrectly. These data will be used to improve the processing of tax exempt returns. To date the Task Force has recommended several changes to the current system. One major change is to have additional items transcribed during the processing of the returns so that more comprehensive testing can be done. These changes will be implemented in 1986.

[8] A detailed explanation of this study, as well as the statistical technique (the "estate multiplier") used to derive estimates of personal wealth of certain segments of the living population based on estate tax return data, is shown in Statistics of Income--1972, Personal Wealth Estimated from Estate Tax Returns. An analysis of the 1976 and preliminary 1981 data were presented in a paper entitled "Changes in the Composition and Concentration of Personal Wealth in United States" by Marvin Schwartz and Keith Gilmour in the 1983 Proceedings of the American Statistical Association, Section on Survey Research Methods.

[9] The first personal wealth article, based on estimates for 1976 and preliminary 1981 were presented in the Summer 1983 issue of the SOI Bulletin entitled "Trends in Personal Wealth, 1976-1981" by Marvin Schwartz.

[10] This report was published by C. Eugene Steuerle, "The Relationships Between Realized Income and Wealth," OTA Paper Number 50, U.S. Department of Treasury, December 1982.

[11] The latest published results are for estate tax returns filed in 1983. The findings are published in an article in the Fall 1983 issue of the SOI Bulletin entitled "Estate Tax Returns, 1983" by Mary F. Bentz.

[12] The latest personal wealth article was based on estimates for 1982 and presented in the Winter 1984-85 issue of the SOI Bulletin entitled "Preliminary Estimates of Personal Wealth 1982: Composition of Assets" by Marvin Schwartz.

[13] The results of this study were presented in an article in the Spring 1985 issue of the SOI Bulletin entitled "Fiduciary Income Tax Returns, 1982" by Gary J. Estep.

[14] This report is the Statistics of Income--1965, Fiduciary, Gift and Estate Tax Returns, which was published in 1967.

[15] The gift tax folder includes all gift tax returns filed by a donor during his/her lifetime.

[16] A description of the plans for the creation and future use of a linked intergenerational estate tax return archive was presented in a paper entitled "The Intergenerational Wealth Study: Prospects for Data Analysis and Methodological Research" by Mary Bentz at the Conference on Tax Modelling, Lac. Ste. Marie, Quebec, Canada, September 17-19, 1985. (To appear in the Proceedings of the Conference, now in progress.)

[17] The data file being used is the 1979 Statistics of Income sample, plus a segment of the 1% CWHS for which information on industry of employment has been obtained from the SSA and on occupation on the Form 1040. The sample consists of about 358,262 taxpayers. The coding of occupation has been performed by IRS as reported at the 1983 American Statistical Association meeting in Toronto. This file will be matched against the 1979 through 1983 NDI files. We assume that we will have 20,000 deaths during this time from which we can do our analysis. A paper presented at the American Statistical Association meetings entitled "Occupation Data from Tax Returns: A Progress Report", by Patricia Crabbe in the 1983 American Statistical Association Proceedings Section on Survey Research Methods.

[18] This report entitled "Estimating After-Tax Income Using Matched SOI-CPS Data" by Philip Clark was presented at the Conference on Tax Modelling, Lac. Ste. Marie, Quebec, Canada, September 17-19, 1985. (To appear in the Proceedings of the Conference, now in progress.)

[19] The results of this study were presented in an article in the Summer 1984 issue of the SOI Bulletin entitled "Private Activity Tax-Exempt Bond Volume, 1983" by Philip Clark.

[20] Summary statistics produced from forms related to the windfall profit tax are shown in the Statistics of Income Bulletin, beginning with the Fall 1981 issue.

[21] Link Relative Estimation is a method which uses a benchmark obtained periodically, together with a survey estimate of change for time periods between benchmarks. A benchmark is a relatively complete total. The method was applied to produce link relative estimates for 11 items of windfall profit tax liability for the first quarter of 1983. The first quarter of 1982 was the benchmark period. That quarter and the subsequent four quarters were used to estimate change. The link relative estimate was the product of the benchmark level and the measure of change for each item. Thus far, it seems that link relative estimation would improve the estimates made at our early cut-off date when not all returns are available. The estimates were based on information available at cut-off time compared with more complete information available later. (See Harte, James M. and Walker, Bonnye, "Link Relative Estimation for Missing Windfall Profit Tax Returns", Statistics of Income and Related Administrative Record Research: 1984, Department of the Treasury, Internal Revenue Service, October 1984.)

[22] A Form 6248 is required to be filed for each producer from whom oil is purchased, and since the number of producers is large, the number of forms filed is significantly greater than the number of Forms 6047. In addition, multiple filings relating to the same oil producers are common. In the case of oil producers from a partnership, for example, a given purchaser will file the Form 6248 relating to those purchases. However, since the partnership is not regarded as the producer for purposes of the windfall profit tax, the partnership is also required to file a Form 6248, in effect as a first purchaser, for each of its partners with the oil (and tax) allocated among them. If one of the partners is in turn a partnership, it too, must file a Form 6248 for each of its partners, and so on. This multiple filing process continues until the taxable entities, e.g., partners who are individuals, corporations, etc., are specifically covered by a filed Form 6248.

[23] The results of this study were presented in an article in the Spring 1985 issue of the SOI Bulletin entitled "Environmental Taxes: Superfund and Hazardous Waste, 1981-1983" by Rashida Belal.

[24] Additional information on the quality program within the SOI Division was outlined in a paper by Schwartz, Otto and Paris, David, "Statistics of Income Quality Management," Statistics of Income and Related Administrative Record Research 1984, Department of the Treasury, Internal Revenue Service, October 1984.

Table 1.--Other Foreign Branch Studies: Measures of Populations, Samples and Program Content

Subject Matter	Tax Year								
	1983	1984	1985	1986	1987	1988	1989	1990	1991
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Private Foundations									
Population	32,000	32,500	33,000	33,500	34,000	34,500	35,000	35,500	36,000
Sample	1,375	(NA)	1,495	1,525	1,575	1,625	1,675	1,725	1,775
Total codes and items	154	(NA)	200	200	200	200	200	200	200
Other Exempt Organizations									
Population[1/]	75,000	78,000	81,000	84,000	87,000	90,000	93,000	96,000	99,000
Sample	5,000	(NA)	5,400	5,600	5,800	6,000	6,200	6,400	6,600
Total codes and items	230	(NA)	180	180	180	180	180	180	180
Non-Exempt Trusts									
Population	16,450	16,600	16,750	16,900	17,050	17,200	17,350	17,500	17,650
Sample	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Total codes and items	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)
Farmers' Cooperative									
Population	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Sample	(NA)	(NA)	(NA)	(NA)	4,000	(NA)	(NA)	(NA)	(NA)
Total codes and items	(NA)	(NA)	(NA)	(NA)	130	(NA)	(NA)	(NA)	(NA)
Estate and Personal Wealth[2/]									
Population	106,000	81,000	67,000	48,000	35,000	28,000	31,000	32,000	35,000
Sample	19,000	3,000	2,000	3,000	9,300	2,600	3,000	9,300	2,600
Total codes and items[3/]	87	87	87	100	100	100	100	100	100

Table 1.--Other Foreign Branch Studies: Measures of Populations, Samples and Program Content

Subject Matter		Tax Year 1983	1984	1985	1986	1987	1988	1989	1990	1991
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Fiduciary Study[2/]										
Population		(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	2,691,000	(NA)	(NA)
Sample		(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	50,000	(NA)	(NA)
Total codes and items ..		(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	40	(NA)	(NA)
Gift Tax Study[2/]										
Population		(NA)	(NA)	(NA)	100,000	(NA)	(NA)	100,000	(NA)	(NA)
Sample		(NA)	(NA)	(NA)	3,500	(NA)	(NA)	3,500	(NA)	(NA)
Total codes and items ..		(NA)	(NA)	(NA)	204	(NA)	(NA)	204	(NA)	(NA)
Windfall Profits Tax										
Form 6047:	Population	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
	Sample	600	600	600	600	600	600	600	600	600
	Codes/Items	129	129	129	129	129	129	129	129	129
Form 6248:	Population	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
	Sample	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	30,000	(NA)	(NA)
	Codes/Items	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	40	(NA)	(NA)
Form 6249:	Population	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
	Sample	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	2,400	(NA)	(NA)
	Codes/Items	(NA)	(NA)	(NA)	(NA)	(NA)	(NA)	20	(NA)	(NA)

Table 1.--Other Foreign Branch Studies: Measures of Populations, Samples and Program Content

Subject Matter	Tax Year								
	1983	1984	1985	1986	1987	1988	1989	1990	1991
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Private Activity Bonds									
Population	13,000	14,300	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Sample	13,000	14,300	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Total codes and items ..	202	202	147	147	147	147	147	147	147
"Environmental" Excise Tax									
Population	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Sample	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total codes and items ..	138	138	138	138	138	138	138	138	138

1/ Population is a projection of organizations classified as tax exempt under subsection 501(c)(3) of the Internal Revenue Code and meeting the minimum filing requirement of atleast $25,000 in receipts

2/ Samples are based on a filing year concept rather than tax year.

3/ There are 17 items from the master file system which may be integrated into editing for the 1986 study.

(NA) = Not Applicable

NOTE: The Intergenerational Wealth Study, as mentioned in the chapter, will be done during this planning period. An estimated 1.9 million returns will undergo a partial edit of 86 codes and items. Approximately 185,000 returns will be subjected to a full edit consisting of 96 codes and items.

TABLE 2.--SPECIAL FOREIGN PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART I - PRIVATE FOUNDATION PROGRAM																					
TOTAL	2.5	2.2	3.6	3.1	2.9	2.8	2.8	3.9	3.5	5.4	4.8	4.5	4.2	4.3	5.6	5.0	7.8	6.9	6.4	6.0	6.2
1983 TAX YEAR	1.7	0.1						2.5	0.2						3.6	0.3					
1985 TAX YEAR	0.8	1.6	1.8	0.1				1.3	2.4	2.6	0.2				1.9	3.4	3.7	0.3			
1986 TAX YEAR	0.0	0.4	1.3	1.5	0.1			0.1	0.8	2.0	2.2	0.2			0.1	1.1	2.8	3.1	0.2		
1987 TAX YEAR		0.0	0.4	1.1	1.3	0.1			0.1	0.7	1.7	1.9	0.2			0.1	1.1	2.4	2.7	0.2	
1988 TAX YEAR			0.0	0.4	1.1	1.2	0.1			0.1	0.7	1.7	1.8	0.2			0.1	1.0	2.4	2.5	0.2
1989 TAX YEAR				0.0	0.4	1.0	1.2				0.1	0.7	1.5	1.8				0.1	1.0	2.2	2.5
1990 TAX YEAR					0.0	0.4	1.0					0.1	0.7	1.6					0.1	1.0	2.3
1991 TAX YEAR						0.0	0.4						0.1	0.7						0.1	1.0
1992 TAX YEAR							0.0							0.1							0.1
PART II - CHARITABLE ORGANIZATIONS PROGRAM																					
TOTAL	3.2	3.4	5.4	5.5	5.4	5.1	5.1	4.7	5.1	7.8	8.2	8.2	7.6	7.7	6.8	7.2	11.1	11.7	11.7	10.9	11.0
1982 TAX YEAR	0.1							0.2							0.3						
1983 TAX YEAR	2.5	0.3						3.5	0.5						4.9	0.8					
1985 TAX YEAR	0.6	2.5	2.4	0.3				1.0	3.5	3.4	0.5				1.5	5.0	4.8	0.7			
1986 TAX YEAR		0.6	2.4	2.4	0.3				1.0	3.4	3.4	0.5				1.4	4.8	4.8	0.7		
1987 TAX YEAR			0.6	2.3	2.3	0.3				1.0	3.4	3.4	0.5				1.5	4.8	4.8	0.7	
1988 TAX YEAR				0.6	2.2	2.2	0.3				1.0	3.3	3.2	0.5				1.4	4.7	4.5	0.8
1989 TAX YEAR					0.6	2.0	2.2					1.0	3.0	3.1					1.4	4.2	4.4
1990 TAX YEAR						0.6	2.1						1.0	3.1						1.4	4.4
1991 TAX YEAR							0.6							1.0							1.4
PART III - BASIC ESTATE SOI PROGRAM																					
TOTAL	4.1	4.8	3.2	3.0	4.1	2.7	1.2	6.5	6.4	4.6	4.7	5.9	3.8	1.8	9.3	9.0	6.6	6.7	8.3	5.3	2.6
1982 TAX YEAR	1.8							2.8							4.1						
1986 TAX YEAR	2.4	4.8	2.7	1.0	0.3			3.7	6.4	3.6	1.6	0.5			5.2	9.0	5.1	2.2	0.7		
1989 TAX YEAR			0.6	2.0	3.8	2.7	1.2			1.0	3.1	5.4	3.8	1.8			1.5	4.5	7.7	5.3	2.6

TABLE 2.--SPECIAL FOREIGN PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92 - CONTINUED

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART IV - FIDUCIARY STUDY PROGRAM																					
TOTAL	0.4	0.1	0.6	0.3	1.1	1.1	0.0	0.7	0.1	1.0	0.5	1.7	1.6	0.1	0.9	0.2	1.4	0.7	2.4	2.2	0.1
1984 TAX YEAR	0.4	*						0.6	*						0.9	*					
1986 TAX YEAR	*	0.1	0.4	*				*	0.1	0.6	*				*	0.2	0.9	*			
1988 TAX YEAR			*	0.1	0.4	*				*	0.1	0.6	*				*	0.2	0.8	*	
1989 TAX YEAR			0.2	0.2	0.7	1.1	0.0			0.3	0.4	1.1	1.6	0.1			0.5	0.5	1.5	2.2	0.1
PART V - GIFT TAX STUDY PROGRAM																					
TOTAL	0.4	0.2	0.3	1.5	0.8	0.3	1.4	0.7	0.3	0.5	2.4	1.4	0.5	2.2	1.0	0.4	0.8	3.4	2.1	0.8	3.2
1982 TAX YEAR	0.4	0.2	*					0.7	0.3	*					1.0	0.4	*				
1986 TAX YEAR			0.3	1.5	0.8	*				0.5	2.4	1.4	*				0.8	3.4	2.1	0.1	
1989 TAX YEAR						0.3	1.4						0.5	2.2						0.7	3.2
PART VI - INTERGENERATIONAL WEALTH PROGRAM																					
TOTAL	31.2	14.1	13.4	12.3	10.8	10.5	9.6	36.8	16.9	16.7	16.1	14.4	14.3	12.5	51.7	23.8	23.9	22.7	20.2	20.6	17.8
1984 TAX YEAR	31.2	14.1	3.6	0.2				36.8	16.9	4.4	0.4				51.7	23.8	6.2	0.5			
1988 TAX YEAR			9.7	12.0	10.8	3.0	0.2			12.3	15.7	14.4	4.0	0.3			17.7	22.2	20.2	5.6	0.5
1991 TAX YEAR						7.5	9.4						10.3	12.2						15.0	17.3
PART VII - PRIVATE ACTIVITY BONDS PROGRAM																					
TOTAL	1.2	1.6	1.6	1.5	1.5	1.5	1.5	2.2	2.9	2.9	2.7	2.7	2.5	2.6	3.2	4.1	4.2	3.8	3.8	3.7	3.8
1985 TAX YEAR	0.6	0.2						1.1	0.4						1.6	0.5					
1986 TAX YEAR	0.6	0.7	0.2					1.1	1.3	0.4					1.6	1.9	0.5				
1987 TAX YEAR		0.7	0.7	0.2					1.2	1.3	0.3					1.8	1.9	0.5			
1988 TAX YEAR			0.7	0.7	0.2					1.3	1.2	0.3					1.8	1.7	0.5		
1989 TAX YEAR				0.7	0.7	0.2					1.1	1.2	0.3					1.6	1.7	0.4	
1990 TAX YEAR					0.7	0.7	0.2					1.1	1.1	0.3					1.7	1.6	0.5
1991 TAX YEAR						0.6	0.7						1.1	1.2						1.6	1.7
1992 TAX YEAR							0.6							1.1							1.6

TABLE 2.— SPECIAL FOREIGN PROJECTS STATISTICS OF INCOME PROGRAMS: ESTIMATED STAFF TIME BY FISCAL YEAR 1986-92 - CONTINUED

TAX YEAR	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY86	FY87	FY88	FY89	FY90	FY91	FY92
PART VIII - WINDFALL PROFIT TAX PROGRAM																					
TOTAL	1.7	1.6	1.6	1.6	2.3	2.7	2.6	3.1	2.9	2.9	2.7	3.9	4.5	4.5	4.4	4.1	4.2	3.9	5.7	6.5	6.6
1985 TAX YEAR	1.2							2.1							3.1						
1986 TAX YEAR	0.5	1.1						1.0	1.9						1.4	2.8					
1987 TAX YEAR		0.5	1.1						1.0	1.9						1.4	2.8				
1988 TAX YEAR			0.5	1.1						1.0	1.9						1.4	2.7			
1989 TAX YEAR				0.5	1.8	1.3	1.2				0.8	3.0	2.0	2.0				1.2	4.4	2.9	2.8
1990 TAX YEAR					0.5	0.9						0.9	1.6						1.3	2.3	
1991 TAX YEAR						0.5	1.0						0.9	1.7						1.8	2.5
1992 TAX YEAR							0.5							0.8							1.2
PART IX - SUPERFUND PROGRAM																					
TOTAL	1.0	1.2	1.0	0.9	0.9	0.9	0.9	1.2	1.4	1.1	1.0	1.0	1.0	1.0	2.0	2.2	1.6	1.5	1.4	1.4	1.5
1984 TAX YEAR	0.1							0.1							0.1						
1985 TAX YEAR	0.8	0.3						1.0	0.3						1.5	0.5					
1986 TAX YEAR	0.2	0.8	0.3					0.2	0.9	0.3					0.3	1.5	0.5				
1987 TAX YEAR		0.1	0.6	0.2					0.1	0.6	0.3					0.2	0.9	0.4			
1988 TAX YEAR			0.1	0.5	0.2					0.1	0.6	0.3					0.2	0.9	0.4		
1989 TAX YEAR				0.1	0.5	0.2					0.1	0.6	0.3					0.2	0.9	0.4	
1990 TAX YEAR					0.1	0.5	0.2					0.1	0.6	0.3					0.2	0.8	0.4
1991 TAX YEAR						0.1	0.5						0.1	0.6						0.2	0.8
1992 TAX YEAR							0.1							0.1							0.2

APPENDIX A - STAFF-YEAR ESTIMATES BY FUNCTION AND LOCATION

This Appendix provides, for each Branch, the Direct and Overall staff years, by location and function, required to carry out the Division's Multi-Year Operating Plan. The following definitions are provided in order that the reader may have a better understanding of the data contained in the resource tables included in this Appendix.

Location categories in the table stubs indicate the site where work is performed for the Division's programs.

- National Office costs include staff time expended in determining program content based on the interpretation of customer requirements. Other primary functions include the preparation of specifications for processing sample returns and production of tables, listings, and other deliverables. General liaison with Data Center and service center personnel is included as is training, quality assurance and resolution of production problems. National Office costs do not include systems development time expended by the Data Services staff on programs required for processing SOI sample returns in the service centers. National Office costs also exclude time expended by the National Computer Center for designation of the sample [1].

- Service Center costs include costs incurred in controlling, shipping and receiving sample returns and machine-generated products required for processing. Included, also, is the cost of key entry and other document processing functions. These costs do not include computer support activity provided by the service centers nor the initial costs of pulling returns for SOI studies [1].

- Data Center costs include primarily staff time for systems development and computer operations; and document processing costs, which include receiving and shipping, sample control, key entry, editing, error resolution, and quality review of machine output.

- Outside Contractor costs include time sharing, computer maintenance charges, statistical support consulting contracts, computer systems and application contracts, the costs of travel and training (exclusive of IRS salary costs which are included in Overhead), incidental expenses for supplies, subscriptions, and membership fees. One-time expenses such as the purchase of computer hardware or other capital investments are shown this year for the first time.

Function categories in the table stubs constitute the major headings for the detailed functions utilized by the Division for planning and reporting purposes. A listing of detailed functions by major heading is shown separately.

- Direct Project costs displayed in the first bank of table columns represent staff time associated with project records.

- Total Direct costs displayed in the second bank of Table columns represent the incremental costs which, while necessary for the completion of project work, cannot be directly associated with specific projects and are, therefore, allocated by Branch based on the ratio of Branch direct time to Total Direct Time for the Division. For the National Office, these incremental costs include computer room operations, research into software and hardware applications, front line managers and secretarial support, coordination of publications-related work, and development of quality assurance methodology. Incremental costs for the Data Center and service centers include computer handling charges that are not separately funded by project.

- Total Costs include overhead costs shown incrementally in the third bank of Table columns. Overhead includes annual leave, sick leave, administrative leave, holidays, non-project related training, Division and Branch management, and other employee administrative activities that cannot be charged to any specific project.

Table Cell notations - A dash (-) in a Table cell indicates a zero entry or not applicable. An asterisk (*) in a Table cell indicates a value less than 0.5 staff years.

NOTE

[1] These costs are not included in the SOI Budget.

Functions by Category

DEVELOPMENT AND COORDINATION

Management Planning
Costing Activities
Project Requirements
Sample Design
Sample Specifications
Codes and Items
Table Specifications
Consistency Test Specifications
Validation Specifications
Systems Requirements
Edit Sheet Design
Transcription Instructions
Error Resolution Instructions
Quality Control Instructions
Shipping and Controlling Instructions
Table Review Procedures
Sampling Procedures
Sampling Computations
Disclosure Systems Development

SAMPLE CONTROLLING

Receiving Returns
Shipping Returns
Sample Selection
Controlling Documents
Shipping

DATA CAPTURE

Editing and Abstracting
Problem Resolution
Data Abstraction
Transcription
Key-to-Disk
Key-in Error Corrections
Error Resolution Training
Validation Training
Error Resolution

COMPUTER PROGRAMMING

Program Maintenance Activities
Produce Tabulations
Systems Analysis
Data File Maintenance
Consistency Testing
Input Processing SAT
Consistency Test SAT
Output Processing SAT
Table SAT
Sample Design SAT

COMPUTER HANDLING AND HARDWARE

Computer Operations

OUTPUT PREPARATION

GTS Programming
Prepare Manuscript
Review Manuscript
Peer Review
Copy Preparation
Table Composition
SOI Bulletin Article Preparation
Table Review
Disclosure Review

QUALITY CONTROL

Quality Assurance Subsample Control
Quality Assurance Editing
Edit Verification

SPECIAL STUDIES

Statistical Research
Statistical Analysis

TECHNICAL ASSISTANCE

Evaluate Data Requests
Respond to Inquiries

OTHER PLANNED FUNCTIONS

Photocopying
Microfilming
Microfiching
Transmit Tapes
Transmit Tables

TABLE 1.0 --ALL PROGRAMS: ESTIMATED STAFF TIME BY OFFICE AND FUNCTION. FISCAL YEAR 1986-92

ITEM	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	86	87	88	89	90	91	92	86	87	88	89	90	91	92	86	87	88	89	90	91	92
OVERALL TOTAL.....	241	236	235	220	217	214	209	351	345	338	332	322	314	307	508	497	486	475	464	453	442
NATIONAL OFFICE.....	87	92	85	91	86	88	83	119	125	118	125	119	122	117	177	184	175	184	176	180	173
DATA CENTER.....	34	27	21	18	19	19	20	54	46	37	34	34	34	33	90	77	62	56	56	56	55
SERVICE CENTERS.....	118	114	124	104	106	102	101	134	130	138	127	133	123	121	188	181	193	177	186	172	170
OUTSIDE CONTRACTOR.....	2	4	5	7	6	5	5	43	44	45	47	37	36	35	53	54	56	58	45	44	44
DEVELOPMENT AND COORDINATION.	36	40	36	35	35	35	35	43	47	43	42	42	42	42	64	70	64	62	62	62	62
NATIONAL OFFICE.....	36	39	36	35	35	35	34	43	47	43	42	42	42	42	64	69	64	62	62	62	62
SAMPLE CONTROLLING.....	26	25	26	23	26	25	24	26	25	26	23	26	25	25	37	36	37	33	37	36	35
NATIONAL OFFICE.....	2	2	2	2	2	2	2	2	3	3	3	3	3	2	4	4	4	4	4	4	4
DATA CENTER.....	1	1	*	*	*	*	*	1	1	*	*	*	*	*	2	1	1	1	1	*	1
SERVICE CENTERS.....	22	22	23	20	23	23	22	22	22	23	20	23	23	22	31	31	32	28	32	32	31
DATA CAPTURE.....	108	102	105	90	86	86	83	110	104	107	92	88	89	85	158	149	151	131	125	125	120
NATIONAL OFFICE.....	11	12	10	12	9	11	9	13	14	12	14	11	14	11	20	21	18	21	16	20	16
DATA CENTER.....	8	7	1	1	1	1	1	8	7	1	1	1	1	1	13	11	1	1	1	1	1
SERVICE CENTERS.....	89	83	94	77	77	74	73	89	83	94	77	77	74	73	125	116	132	108	107	104	102
COMPUTER PROGRAMMING.....	40	38	38	40	37	37	37	43	41	42	44	40	41	40	68	63	64	67	62	63	61
NATIONAL OFFICE.....	15	15	15	19	15	17	15	18	17	18	22	18	21	18	27	26	27	33	27	31	27
DATA CENTER.....	23	18	19	16	17	17	17	23	18	19	16	17	17	17	38	30	31	26	28	27	29
SERVICE CENTERS.....	2	5	3	3	3	2	4	2	5	3	3	3	2	4	3	7	4	4	4	3	5
OUTSIDE CONTRACTOR.....	*	*	1	3	2	1	1	*	*	1	3	2	1	1	*	*	2	4	2	1	1
COMPUTER HANDLING/HARDWARE...	-	-	-	-	-	-	-	42	46	48	49	40	40	40	58	63	67	68	57	57	57
NATIONAL OFFICE.....	-	-	-	-	-	-	-	4	5	6	6	6	6	6	6	8	9	9	9	9	9
DATA CENTER.....	-	-	-	-	-	-	-	11	12	12	12	12	12	12	18	20	20	20	20	20	20
SERVICE CENTERS.....	-	-	-	-	-	-	-	1	2	4	4	4	4	4	1	3	5	6	6	6	6
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	27	27	27	27	18	18	18	33	33	33	33	22	22	22
OUTPUT PREPARATION.....	13	12	12	12	13	11	13	23	22	21	22	22	20	22	34	33	31	32	33	30	32
NATIONAL OFFICE.....	13	12	11	12	12	11	12	20	18	18	18	19	18	19	29	27	26	27	29	26	28
DATA CENTER.....	*	1	*	*	*	*	*	2	2	2	2	1	1	1	4	4	3	3	2	2	2
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	1	2	2	2	2	2	2	1	2	2	2	2	2	2
QUALITY MANAGEMENT.....	7	5	5	5	5	5	5	12	10	10	10	10	10	10	17	13	15	14	14	14	14
NATIONAL OFFICE.....	3	2	3	3	3	3	3	5	4	5	5	5	5	5	7	6	7	7	7	7	7
DATA CENTER.....	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
SERVICE CENTERS.....	4	2	2	2	2	2	2	4	2	2	2	2	2	2	5	3	3	3	3	3	2
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	3	3	3	3	3	3	3	4	4	4	4	4	4	4
SPECIAL STUDIES.....	5	9	7	8	8	8	7	39	38	29	38	42	36	33	55	53	40	52	58	50	44
NATIONAL OFFICE.....	3	5	3	4	4	4	3	4	6	3	5	5	5	4	6	9	5	7	8	7	6
DATA CENTER.....	-	-	-	-	-	-	-	8	6	3	2	2	2	1	13	9	5	4	3	4	1
SERVICE CENTERS.....	-	-	-	-	-	-	-	15	14	11	18	23	17	16	21	20	15	26	32	24	22
OUTSIDE CONTRACTOR.....	2	4	4	4	4	4	4	12	12	12	12	12	12	12	15	15	15	15	15	15	15
TECHNICAL ASSISTANCE.....	3	3	3	4	4	4	4	7	7	7	7	7	7	7	11	11	11	11	11	11	11
NATIONAL OFFICE.....	3	3	3	4	4	4	4	7	7	7	7	7	7	7	11	11	11	11	11	11	11
OTHER PLANNED FUNCTIONS.....	3	3	3	3	3	3	2	5	4	4	4	4	3	3	7	6	6	6	5	5	5
NATIONAL OFFICE.....	1	1	1	2	1	1	1	3	3	2	3	2	2	2	4	4	4	4	3	3	3
DATA CENTER.....	1	*	1	*	*	*	*	1	*	1	*	*	*	*	1	1	1	1	1	1	1
SERVICE CENTERS.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	1	1	1	1	1	1

TABLE 2.0 --TOTAL CORPORATION BRANCH PROGRAMS: ESTIMATED STAFF TIME BY OFFICE AND FUNCTION. FISCAL YEAR 1986-92

ITEM	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	86	87	88	89	90	91	92	86	87	88	89	90	91	92	86	87	88	89	90	91	92
OVERALL TOTAL	112	125	111	112	109	109	108	159	174	155	163	158	155	151	227	247	219	231	224	220	214
NATIONAL OFFICE	33	36	32	34	33	33	32	44	49	44	46	45	45	44	64	70	63	66	65	65	63
DATA CENTER	12	11	8	8	8	8	8	20	19	14	15	14	15	14	33	31	23	25	24	25	22
SERVICE CENTERS	65	74	68	66	64	64	64	74	85	75	81	81	78	77	104	118	106	113	113	109	108
OUTSIDE CONTRACTOR	2	4	4	4	4	4	4	20	22	21	21	17	17	17	25	27	27	27	21	21	21
DEVELOPMENT AND COORDINATION.	14	16	14	13	13	14	14	16	19	16	16	16	17	16	24	27	24	23	23	24	24
NATIONAL OFFICE	14	16	14	13	13	14	14	16	19	16	16	16	17	16	24	27	24	23	23	24	24
SAMPLE CONTROLLING	15	15	15	15	17	17	17	15	16	15	15	17	17	17	21	22	21	22	24	24	24
NATIONAL OFFICE	1	1	1	1	1	1	1	2	2	2	2	2	2	1	2	2	2	2	2	2	2
DATA CENTER	*	*	-	-	-	-	-	*	*	-	-	-	-	-	*	*	-	-	-	-	-
SERVICE CENTERS	13	14	13	14	15	15	15	13	14	13	14	15	15	15	19	20	19	19	22	22	22
DATA CAPTURE	59	63	56	54	51	51	51	60	63	57	55	52	51	51	85	90	80	77	72	72	72
NATIONAL OFFICE	5	4	4	4	4	4	4	6	5	5	4	5	5	5	8	7	7	6	7	7	7
DATA CENTER	3	3	-	-	-	-	-	3	3	-	-	-	-	-	5	5	-	-	-	-	-
SERVICE CENTERS	51	56	52	50	47	47	47	51	56	52	50	47	47	47	71	78	73	70	66	66	66
COMPUTER PROGRAMMING	14	17	15	16	15	15	15	15	17	16	17	16	16	16	23	27	25	26	25	25	25
NATIONAL OFFICE	4	5	5	6	6	6	5	5	6	6	7	7	7	6	7	8	9	10	10	10	9
DATA CENTER	9	8	8	8	8	8	8	9	8	8	8	8	8	8	15	13	13	13	13	13	13
SERVICE CENTERS	1	4	2	2	2	2	2	1	4	2	2	2	2	2	1	6	3	3	3	3	3
OUTSIDE CONTRACTOR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
COMPUTER HANDLING/HARDWARE	-	-	-	-	-	-	-	19	22	22	24	19	19	19	26	30	31	33	27	28	26
NATIONAL OFFICE	-	-	-	-	-	-	-	2	2	3	3	3	3	3	3	4	4	4	4	4	4
DATA CENTER	-	-	-	-	-	-	-	4	5	5	5	5	6	5	7	8	8	9	9	10	9
SERVICE CENTERS	-	-	-	-	-	-	-	*	1	2	3	3	3	3	1	2	3	4	4	4	4
OUTSIDE CONTRACTOR	-	-	-	-	-	-	-	13	13	13	13	8	8	8	16	16	16	16	10	10	10
OUTPUT PREPARATION	5	5	4	5	4	4	4	9	9	7	8	7	8	7	13	12	10	12	11	11	10
NATIONAL OFFICE	5	5	4	5	4	4	4	8	7	6	7	6	7	6	11	10	9	10	9	10	9
DATA CENTER	-	-	-	-	-	-	-	1	1	1	1	*	*	*	1	1	1	1	1	1	1
OUTSIDE CONTRACTOR	-	-	-	-	-	-	-	*	1	1	1	1	1	1	*	1	1	1	1	1	1
QUALITY MANAGEMENT	1	1	1	1	1	1	1	3	3	3	3	3	3	3	5	4	4	5	5	4	4
NATIONAL OFFICE	1	1	1	1	1	1	1	2	2	2	2	2	2	2	3	2	3	3	3	3	3
DATA CENTER	*	*	-	-	-	-	-	*	*	-	-	-	-	-	*	*	-	-	-	-	-
SERVICE CENTERS	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
OUTSIDE CONTRACTOR	-	-	-	-	-	-	-	1	1	1	1	1	1	1	1	2	1	1	2	1	1
SPECIAL STUDIES	3	7	5	6	6	5	5	18	22	15	22	24	20	18	26	30	20	30	33	28	25
NATIONAL OFFICE	1	3	1	2	2	1	1	1	3	1	2	2	2	1	2	4	2	4	4	2	2
DATA CENTER	-	-	-	-	-	-	-	3	2	1	1	1	1	*	5	4	2	2	1	2	1
SERVICE CENTERS	-	-	-	-	-	-	-	9	9	6	12	14	11	10	12	13	8	17	20	15	14
OUTSIDE CONTRACTOR	2	4	4	4	4	4	4	6	7	7	7	7	7	7	7	9	8	9	9	9	8
TECHNICAL ASSISTANCE	1	1	1	1	1	1	1	2	2	2	2	2	2	2	3	3	3	3	3	3	3
NATIONAL OFFICE	1	1	1	1	1	1	1	2	2	2	2	2	2	2	3	3	3	3	3	3	3
OTHER PLANNED FUNCTIONS	*	*	*	*	*	*	*	1	1	*	*	*	*	*	1	2	1	1	1	1	1
NATIONAL OFFICE	*	*	*	*	*	*	*	1	1	*	*	*	*	*	1	2	1	1	1	1	1
DATA CENTER	*	-	-	-	-	-	-	*	-	-	-	-	-	-	*	-	-	-	-	-	-
SERVICE CENTERS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

TABLE 3.0 --TOTAL INDIVIDUAL BRANCH PROGRAMS: ESTIMATED STAFF TIME BY OFFICE AND FUNCTION. FISCAL YEAR 1986-92

ITEM	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	86	87	88	89	90	91	92	86	87	88	89	90	91	92	86	87	88	89	90	91	92
OVERALL TOTAL.....	53	53	61	51	51	50	47	83	82	92	81	78	77	74	123	122	134	119	114	114	109
NATIONAL OFFICE.....	27	26	25	27	25	25	25	37	37	36	37	36	35	36	56	56	55	56	54	53	54
DATA CENTER.....	12	10	8	8	8	8	8	19	17	14	14	13	13	13	31	28	23	24	21	22	21
SERVICE CENTERS.....	14	16	26	13	16	17	13	16	18	29	16	20	20	16	22	26	41	22	28	28	23
OUTSIDE CONTRACTOR.....	*	*	1	3	2	1	1	11	10	12	13	10	9	9	13	13	15	17	12	11	11
DEVELOPMENT AND COORDINATION.	12	13	12	13	12	12	12	15	16	15	16	14	14	15	22	25	23	24	22	22	22
NATIONAL OFFICE.....	12	13	12	13	12	12	12	15	16	15	16	14	14	15	22	25	23	23	22	22	22
SAMPLE CONTROLLING.....	5	5	7	4	5	5	5	5	5	7	4	5	5	5	7	7	10	6	7	7	7
NATIONAL OFFICE.....	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
DATA CENTER.....	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
SERVICE CENTERS.....	4	5	7	4	4	5	4	4	5	7	4	4	5	4	6	7	9	5	6	6	6
DATA CAPTURE.....	12	12	21	11	13	13	10	12	13	21	11	13	14	10	18	18	30	16	19	19	15
NATIONAL OFFICE.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	1	2	2	2	2	1
DATA CENTER.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	1	1	1	1	1	1
SERVICE CENTERS.....	10	11	19	9	11	12	9	10	11	19	9	11	12	9	14	16	27	13	16	16	12
COMPUTER PROGRAMMING.....	15	12	13	14	12	11	11	17	12	14	15	13	12	12	26	20	21	23	20	19	19
NATIONAL OFFICE.....	6	4	5	5	4	5	4	7	4	6	6	5	6	5	10	7	9	9	8	8	8
DATA CENTER.....	10	8	6	6	6	6	6	10	8	6	6	6	6	6	16	13	11	10	10	10	10
SERVICE CENTERS.....	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
OUTSIDE CONTRACTOR.....	*	*	1	3	2	1	1	*	*	1	3	2	1	1	*	*	2	4	2	1	1
COMPUTER HANDLING/HARDWARE...	-	-	-	-	-	-	-	12	13	14	14	11	11	11	17	18	20	20	16	16	16
NATIONAL OFFICE.....	-	-	-	-	-	-	-	1	2	2	2	2	2	2	2	2	3	3	3	3	3
DATA CENTER.....	-	-	-	-	-	-	-	3	4	4	5	4	4	4	6	7	7	8	6	7	7
SERVICE CENTERS.....	-	-	-	-	-	-	-	*	*	1	*	1	1	1	*	*	1	1	1	1	1
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	7	7	7	7	5	5	5	9	9	9	9	6	6	6
OUTPUT PREPARATION.....	4	5	4	4	4	4	4	7	8	7	7	7	6	7	11	12	10	11	10	9	11
NATIONAL OFFICE.....	4	4	3	4	4	3	4	6	6	5	6	6	5	6	9	10	8	8	9	8	9
DATA CENTER.....	*	1	*	*	*	*	*	1	1	1	1	1	1	1	2	2	1	2	1	1	1
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	*	*	*	*	*	*	*	*	1	1	1	1	*	1
QUALITY MANAGEMENT.....	1	1	1	1	1	1	1	2	2	2	2	2	2	2	3	3	3	3	3	3	3
NATIONAL OFFICE.....	1	*	1	1	*	1	*	1	1	1	1	1	1	1	2	1	2	2	1	2	1
DATA CENTER.....	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
SERVICE CENTERS.....	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	1	*	*	*
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	1	1	1	1	1	1	1	1	1	1	1	1	1	1
SPECIAL STUDIES.....	1	1	1	1	1	1	1	8	7	7	6	7	7	6	12	11	9	9	10	10	8
NATIONAL OFFICE.....	1	1	1	1	1	1	1	2	2	1	1	2	2	1	2	3	2	2	3	3	2
DATA CENTER.....	-	-	-	-	-	-	-	3	2	1	1	1	1	*	5	3	2	2	1	2	1
SERVICE CENTERS.....	-	-	-	-	-	-	-	1	2	2	2	3	2	2	2	2	3	3	4	3	3
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	3	2	2	2	2	2	2	3	3	3	3	3	2	3
TECHNICAL ASSISTANCE.....	2	2	2	2	2	2	2	4	4	4	4	4	4	4	6	6	6	6	6	6	6
NATIONAL OFFICE.....	2	2	2	2	2	2	2	4	4	4	4	4	4	4	6	6	6	6	6	6	6
OTHER PLANNED FUNCTIONS.....	1	1	1	1	1	1	1	2	1	2	2	1	1	1	2	2	3	3	2	2	2
NATIONAL OFFICE.....	1	*	1	1	1	1	1	1	1	1	1	1	1	1	2	1	2	2	1	1	1
DATA CENTER.....	*	*	*	*	*	*	*	*	*	*	*	*	*	*	1	1	1	1	1	1	1
SERVICE CENTERS.....	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*

TABLE 4.0 --TOTAL FOREIGN BRANCH PROGRAMS: ESTIMATED STAFF TIME BY OFFICE AND FUNCTION, FISCAL YEAR 1986-92

ITEM	DIRECT PROJECT COST							TOTAL DIRECT COSTS							TOTAL COSTS						
	86	87	88	89	90	91	92	86	87	88	89	90	91	92	86	87	88	89	90	91	92
OVERALL TOTAL.....	75	58	62	57	57	54	54	109	88	92	87	87	82	82	158	128	133	125	126	119	119
NATIONAL OFFICE.....	28	29	28	31	28	30	27	38	40	38	41	38	41	37	57	59	57	62	57	61	56
DATA CENTER.....	9	6	5	2	4	3	4	15	11	9	5	7	6	7	25	18	15	7	12	10	12
SERVICE CENTERS.....	39	23	29	24	25	21	23	44	27	33	30	32	25	28	62	37	46	42	45	36	39
OUTSIDE CONTRACTOR.....	-	-	-	-	*	*	-	12	11	11	12	10	10	10	14	14	14	14	12	13	12
DEVELOPMENT AND COORDINATION.	10	10	10	9	10	9	9	12	12	12	11	12	11	11	18	18	17	16	17	16	16
NATIONAL OFFICE.....	10	10	10	9	10	9	9	12	12	12	10	12	11	11	18	18	17	16	17	16	16
SAMPLE CONTROLLING.....	6	4	4	4	4	3	3	6	4	4	4	4	4	3	9	6	6	6	6	5	5
NATIONAL OFFICE.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	1	1	1	1
DATA CENTER.....	1	*	*	*	*	*	*	1	*	*	*	*	*	*	1	1	*	*	*	*	*
SERVICE CENTERS.....	5	3	3	3	3	3	2	5	3	3	3	3	3	2	7	4	5	4	5	4	3
DATA CAPTURE.....	37	27	28	25	23	22	22	38	28	29	27	23	24	23	55	41	41	38	33	34	33
NATIONAL OFFICE.....	5	7	5	7	4	7	4	6	9	6	9	5	8	5	9	13	9	13	8	12	8
DATA CENTER.....	4	3	*	-	-	-	-	4	3	*	-	-	-	-	7	5	*	-	-	-	-
SERVICE CENTERS.....	28	16	23	18	18	16	17	28	16	23	18	18	16	17	40	23	32	25	26	22	24
COMPUTER PROGRAMMING.....	11	9	11	10	10	11	11	12	11	12	12	11	12	12	19	16	19	18	17	18	18
NATIONAL OFFICE.....	6	6	5	7	5	7	5	7	7	6	9	6	9	6	10	11	9	13	10	13	9
DATA CENTER.....	4	2	5	2	4	3	4	4	2	5	2	4	3	4	7	4	8	3	6	5	6
SERVICE CENTERS.....	1	1	1	1	1	*	2	1	1	1	1	1	*	2	1	1	1	1	1	*	2
OUTSIDE CONTRACTOR.....	-	-	-	-	*	*	-	-	-	-	-	*	*	-	-	-	-	-	*	*	-
COMPUTER HANDLING/HARDWARE...	-	-	-	-	-	-	-	11	11	12	11	10	9	10	15	15	16	14	14	13	14
NATIONAL OFFICE.....	-	-	-	-	-	-	-	1	1	1	1	1	1	1	1	2	2	2	2	2	2
DATA CENTER.....	-	-	-	-	-	-	-	3	3	3	2	3	2	3	6	5	5	3	4	4	4
SERVICE CENTERS.....	-	-	-	-	-	-	-	*	*	1	1	1	1	1	*	1	1	1	2	1	1
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	6	6	7	7	5	5	5	8	8	8	8	6	6	6
OUTPUT PREPARATION.....	4	3	4	3	5	3	4	7	6	8	7	8	6	8	10	9	11	10	12	9	11
NATIONAL OFFICE.....	4	3	4	3	5	3	4	6	5	7	6	7	6	7	9	7	10	9	11	8	10
DATA CENTER.....	*	*	*	*	*	*	*	1	*	*	*	*	*	*	1	1	1	*	*	*	*
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	*	1	1	1	1	1	1	*	1	1	1	1	1	1
QUALITY MANAGEMENT.....	5	3	3	3	3	2	2	6	4	5	5	5	4	4	9	6	7	6	7	6	6
NATIONAL OFFICE.....	1	1	1	1	1	1	1	2	1	2	2	2	2	2	3	2	3	3	3	3	3
DATA CENTER.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SERVICE CENTERS.....	4	2	2	2	2	2	1	4	2	2	2	2	2	1	5	3	3	2	2	2	2
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	1	1	1	1	1	1	1	1	1	1	2	1	2	1
SPECIAL STUDIES.....	1	1	1	1	1	1	1	12	8	7	9	10	9	8	17	12	10	12	14	12	11
NATIONAL OFFICE.....	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	2	2
DATA CENTER.....	-	-	-	-	-	-	-	2	1	1	*	*	*	*	4	2	1	1	1	1	*
SERVICE CENTERS.....	-	-	-	-	-	-	-	5	3	3	5	6	4	4	7	4	4	6	8	5	5
OUTSIDE CONTRACTOR.....	-	-	-	-	-	-	-	4	3	3	3	3	3	3	5	4	4	4	4	4	4
TECHNICAL ASSISTANCE.....	*	*	*	*	*	1	1	1	1	1	1	1	2	1	2	2	2	2	2	2	2
NATIONAL OFFICE.....	*	*	*	*	*	1	1	1	1	1	1	1	2	1	2	2	2	2	2	2	2
OTHER PLANNED FUNCTIONS.....	2	1	1	1	1	1	1	2	2	2	2	2	2	2	3	3	3	3	3	2	2
NATIONAL OFFICE.....	*	*	*	1	*	1	1	1	1	1	1	1	1	1	2	1	1	2	1	1	1
DATA CENTER.....	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	*
SERVICE CENTERS.....	1	1	1	1	1	1	*	1	1	1	1	1	1	*	1	1	1	1	1	1	1

APPENDIX B - SCHEDULED MILESTONE DELIVERY DATES

Preface

This Appendix contains the critical dates for completion of key functions associated with all the major projects in each Statistics of Income subject matter area for which some resources will be expended in FY 1986. Most of the basic research projects for each Branch are not included in the Milestone Report nor are projects with minor expenditures in FY 1986.

Shown for each key function are the scheduled "start" and "finish" dates as recorded on the project record. Also shown is the "must finish date," a mathematically calculated point in time by which the function must be finished for timely completion of the study.

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 13013 -- SOI-1983, CORPORATION PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	10/20/83	1/15/84	1/15/84
CONSISTENCY TEST SPECIFICATIONS	1/ 4/84	5/ 3/84	5/ 3/84
EDIT TRAINING	4/30/84	5/ 4/84	5/ 4/84
ERROR RESOLUTION INSTRUCTIONS	5/17/84	8/10/84	8/10/84
ERROR RESOLUTION TRAINING	8/14/84	8/22/84	8/22/84
TABLE SPECIFICATIONS	1/ 4/85	4/15/85	4/15/85
PRELIMINARY SOURCE BOOK TO OTA	9/10/85	9/26/85	9/26/85
EDITING	6/ 1/84	12/31/85	2/ 8/86
AGGREGATE TAPE FILE TO BEA	12/28/85	2/15/86	3/30/86
ERROR RESOLUTION	9/ 4/84	2/15/86	3/30/86
FINAL SOURCE BOOK TABLES TO OTA	2/18/86	2/21/86	4/ 5/86
SOURCE BOOK DISCLOSURE REVIEW	2/21/86	4/15/86	6/ 1/86
COMPLETE REPORT TABLE REVIEW	2/21/86	5/15/86	7/ 2/86
PROJECT DOCUMENTATION	8/28/85	5/25/86	7/13/86
SOI PUBLICATION	5/10/86	7/20/86	9/10/86

PROJECT NO: 13014 -- SOI-1984, CORPORATION PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	9/20/84	1/15/85	1/15/85
CONSISTENCY TEST SPECIFICATIONS	1/ 4/85	3/12/85	3/12/85
EDIT TRAINING	3/26/85	3/30/85	3/30/85
ERROR RESOLUTION TRAINING	5/ 6/85	5/10/85	5/10/85
ERROR RESOLUTION INSTRUCTIONS	2/ 1/85	5/13/85	5/13/85
TABLE SPECIFICATIONS	2/ 3/86	3/28/86	5/13/86
EDITING	5/11/85	8/ 9/86	10/ 1/86
PRELIMINARY SOURCE BOOK TO OTA	9/10/86	11/ 1/86	12/27/86
ERROR RESOLUTION	3/ 1/85	2/15/87	4/17/87
FINAL SOURCE BOOK TABLES TO OTA	12/28/86	2/21/87	4/23/87
AGGREGATE TAPE FILE TO BEA	12/28/86	2/28/87	4/30/87
PROJECT DOCUMENTATION	8/28/86	2/30/87	5/ 2/87
SOURCE BOOK DISCLOSURE REVIEW	12/28/86	4/15/87	6/17/87
COMPLETE REPORT TABLE REVIEW	2/15/87	5/15/87	7/18/87
SOI PUBLICATION	7/10/87	7/20/87	9/24/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 13015 -- SOI-1985, CORPORATION PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	9/20/85	1/31/86	3/14/86
CONSISTENCY TEST SPECIFICATIONS	9/20/85	3/20/86	5/ 4/86
ERROR RESOLUTION INSTRUCTIONS	2/ 5/86	5/ 1/86	6/18/86
EDIT TRAINING	5/ 7/86	5/29/86	7/17/86
ERROR RESOLUTION TRAINING	5/ 7/86	5/29/86	7/17/86
TABLE SPECIFICATIONS	2/ 3/87	3/28/87	5/29/87
EDITING	6/ 1/86	8/ 9/87	10/15/87
PRELIMINARY SOURCE BOOK TO OTA	9/10/87	9/26/87	12/ 3/87
ERROR RESOLUTION	6/ 8/86	12/20/87	2/29/88
FINAL SOURCE BOOK TABLES TO OTA	12/28/87	12/28/87	3/ 8/88
PROJECT DOCUMENTATION	8/20/87	12/30/87	3/10/88
AGGREGATE TAPE FILE TO BEA	12/28/87	1/ 7/88	3/18/88
SOURCE BOOK DISCLOSURE REVIEW	12/28/87	2/10/88	4/22/88
COMPLETE REPORT TABLE REVIEW	12/12/87	3/15/88	5/27/88
SOI PUBLICATION	5/24/88	6/ 3/88	8/17/88

PROJECT NO: 74073 -- BEA - 1983 SCHEDULE K/K-1 STUDY

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP PROJECT REQUIREMENTS	10/15/84	3/30/85	3/30/85
DEVELOP SYSTEMS REQUIREMENTS	11/ 1/84	4/15/85	4/15/85
DEVELOP TABLE SPECIFICATIONS	1/ 5/85	4/30/85	4/30/85
EDITING AT SERVICE CENTER	3/20/85	5/15/85	5/15/85
MERGE FILES	2/20/85	12/15/85	1/22/86
PRODUCE TABULATIONS	12/ 1/85	4/ 1/86	5/17/86
TRANSMIT TABLES TO SPONSOR	3/ 1/86	4/25/86	6/11/86
PROJECT DOCUMENTATION	4/ 1/86	5/30/86	7/18/86

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 74014 -- BEA-1984, PARTNERSHIP PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP CODES AND ITEMS	8/ 3/84	1/31/85	1/31/85
DEVELOP SYSTEMS REQUIREMENTS	10/ 1/84	3/11/85	3/11/85
CONSISTENCY TEST SPECIFICATIONS	2/21/85	3/15/85	3/15/85
EDITING INSTRUCTIONS	2/20/85	3/25/85	3/25/85
ERROR RESOLUTION INSTRUCTIONS	4/10/85	5/15/85	5/15/85
EDITING	7/25/85	2/18/86	4/ 2/86
ERROR RESOLUTION	2/11/86	3/ 2/86	4/15/86
DELIVER SFD TABLES TO SPONSOR	4/25/86	4/30/86	6/17/86
PROJECT DOCUMENTATION	1/15/86	5/ 1/86	6/18/86

PROJECT NO: 74015 -- BEA-1985, PARTNERSHIP PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP CODES AND ITEMS	8/ 3/85	2/28/86	4/13/86
CONSISTENCY TEST SPECIFICATIONS	2/21/86	4/12/86	5/29/86
DEVELOP SYSTEMS REQUIREMENTS	10/ 1/85	4/12/86	5/29/86
EDITING INSTRUCTIONS	2/20/86	4/25/86	6/11/86
ERROR RESOLUTION INSTRUCTIONS	4/10/86	5/15/86	7/ 2/86
EDITING	7/25/86	2/18/87	4/20/87
ERROR RESOLUTION	2/11/87	3/ 2/87	5/ 2/87
DELIVER SFD TABLES TO SPONSOR	4/25/87	4/30/87	7/ 2/87
PROJECT DOCUMENTATION	1/15/87	5/ 1/87	7/ 3/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 74146 -- BEA-1986, PARTNERSHIP MINI-PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP CODES AND ITEMS	8/ 3/86	9/30/86	11/24/86
CONSISTENCY TEST SPECIFICATIONS	2/21/87	5/ 5/87	7/ 7/87
DEVELOP SYSTEMS REQUIREMENTS	1/10/87	5/ 5/87	7/ 7/87
EDITING INSTRUCTIONS	3/ 9/87	6/30/87	9/ 3/87
ERROR RESOLUTION INSTRUCTIONS	3/ 9/87	6/30/87	9/ 3/87
DATA ABSTRACTION	10/ 2/87	2/18/88	4/30/88
TRANSMIT TABLES TO SPONSOR	4/25/88	4/30/88	7/13/88
PROJECT DOCUMENTATION	1/20/88	5/10/88	7/23/88

PROJECT NO: 36052 -- 1982, LINK OF 941 DATA WITH SOI PARTNERSHIP DATA

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP PROJECT REQUIREMENTS	7/ 1/84	11/30/84	11/30/84
DEVELOP TABLE SPECIFICATIONS	2/ 1/84	12/15/84	12/15/84
MERGE FILES	2/ 1/86	2/15/86	3/30/86
PRODUCE TABULATIONS	10/ 2/86	10/20/86	12/15/86
REVIEW TABLES	10/ 9/86	10/30/86	12/25/86
TRANSMIT TABLES TO SPONSOR	10/30/86	11/15/86	1/11/87
PROJECT DOCUMENTATION	2/15/86	12/31/86	2/28/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 36042 -- 1982, LINK OF 941 DATA WITH SOI CORPORATION DATA

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP PROJECT REQUIREMENTS	8/15/85	3/15/86	4/29/86
DEVELOP TABLE SPECIFICATIONS	11/ 1/85	3/15/86	4/29/86
MERGE FILES	3/22/86	4/30/86	6/17/86
PRODUCE TABULATIONS	8/20/86	8/30/86	10/23/86
REVIEW TABLES	8/31/86	9/30/86	11/24/86
TRANSMIT TABLES TO SPONSOR	10/ 1/86	10/15/86	12/10/86
PROJECT DOCUMENTATION	9/ 1/86	2/28/87	4/30/87

PROJECT NO: 36062 -- 1982 LINK OF 941 DATA WITH SOI SOLE PROP DATA

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP PROJECT REQUIREMENTS	2/ 2/86	2/28/86	4/13/86
DEVELOP TABLE SPECIFICATIONS	2/ 2/86	2/28/86	4/13/86
MERGE FILES	8/ 1/86	8/30/86	10/23/86
PRODUCE TABULATIONS	1/ 1/87	1/21/87	3/22/87
REVIEW TABLES	1/ 8/87	1/31/87	4/ 1/87
TRANSMIT TABLES TO SPONSOR	1/31/87	2/15/87	4/17/87
PROJECT DOCUMENTATION	10/ 1/86	2/28/87	4/30/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 13054 -- SOI-1984, SECRETARY'S PERCENTAGE

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP PROJECT REQUIREMENTS	3/ 1/85	10/18/85	11/18/85
DEVELOP TABLE SPECIFICATIONS	10/ 1/85	11/15/85	12/20/85
ERROR RESOLUTION INSTRUCTIONS	10/20/85	11/30/85	1/ 6/86
PRODUCE TABULATIONS	1/15/86	2/17/86	4/ 1/86
REVIEW TABLES	12/17/85	2/21/86	4/ 5/86
TRANSMIT TABLES TO SPONSOR	2/25/86	2/27/86	4/12/86
PROJECT DOCUMENTATION	3/ 1/85	4/15/86	6/ 1/86

PROJECT NO: 13055 -- SOI-1985, SECRETARY S PERCENTAGE

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP PROJECT REQUIREMENTS	10/ 1/85	10/18/86	12/13/86
DEVELOP TABLE SPECIFICATIONS	10/ 1/86	11/15/86	1/11/87
ERROR RESOLUTION INSTRUCTIONS	10/20/86	11/30/86	1/27/87
PRODUCE TABULATIONS	1/15/87	2/17/87	4/19/87
REVIEW TABLES	12/17/86	2/21/87	4/23/87
TRANSMIT TABLES TO SPONSOR	2/25/87	2/27/87	4/29/87
PROJECT DOCUMENTATION	3/ 1/86	4/15/87	6/17/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 86032 -- 1982, CENSUS-IRS LINK STUDY

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP PROJECT REQUIREMENTS	6/ 1/83	1/31/84	1/31/84
DEVELOP SYSTEMS REQUIREMENTS	4/ 1/84	5/31/84	5/31/84
DEVELOP TABLE SPECIFICATIONS	7/ 1/84	9/30/84	9/30/84
MERGE FILES	1/ 4/85	11/15/85	12/20/85
TRANSMIT FINAL TAPE TO OTA	1/31/86	1/31/86	3/14/86
PRODUCE GTS TABLES	11/19/85	2/20/86	4/ 4/86
TABLE REVIEW BASIC TABLES	11/21/85	2/28/86	4/13/86
TRANSMIT TABLES TO SPONSOR	2/21/86	3/14/86	4/28/86
OTHER REPORT WRITING	2/15/86	5/30/86	7/18/86
PROJECT DOCUMENTATION	9/15/85	8/21/86	10/13/86

PROJECT NO: 14084 -- PARTNERSHIP SOURCE BOOK, 1957-1984

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP SYSTEMS REQUIREMENTS	1/27/86	4/28/86	6/15/86
COMPUTER PROGRAMMING	3/31/86	6/27/86	8/17/86
TABLE REVIEW BASIC TABLES	7/ 7/86	7/18/86	9/ 8/86
PRODUCE TABULATIONS	10/ 1/86	10/17/86	12/12/86
MANUSCRIPT PREPARATION	10/20/86	12/12/86	2/ 8/87
PROJECT DOCUMENTATION	12/ 1/86	12/12/86	2/ 8/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONE

PROJECT NO: /9063 -- HHS HEALTH CARE REQUEST FOR 1984

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
DEVELOP PROJECT REQUIREMENTS	10/ 1/85	10/15/85	11/14/85
DEVELOP TABLE SPECIFICATIONS	1/ 2/86	2/15/86	3/30/86
DEVELOP SYSTEMS REQUIREMENTS	9/15/85	2/30/86	4/15/86
REVIEW TABLES	4/ 1/86	6/ 1/86	7/20/86
TRANSMIT TABLES TO SPONSOR	4/15/86	6/15/86	8/ 4/86

PROJECT NO: 11014 -- SOI-1984 INDIVIDUAL PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	6/ 2/84	11/15/84	11/15/84
EDITING INSTRUCTIONS	12/10/84	5/15/85	5/15/85
SAT SERVICE CENTER NCC SYSTEMS	4/ 1/85	6/30/85	6/30/85
CONSISTENCY TEST SPECIFICATIONS	12/ 3/84	7/15/85	7/15/85
TABLE SPECIFICATIONS	11/ 3/84	7/15/85	7/15/85
ERROR RESOLUTION INSTRUCTIONS	6/15/85	10/30/85	12/ 2/85
ADVANCE DATA TABLE TO OTA	11/30/85	12/15/85	1/22/86
EDITING AT SERVICE CENTERS	7/ 1/85	2/13/86	3/28/86
ERROR RESOLUTION	10/ 1/85	2/26/86	4/11/86
SFD-0 TABLE TO BEA	3/ 7/86	4/ 7/86	5/23/86
PRODUCE BASIC TABLES	12/15/85	5/ 1/86	6/18/86
QA REPORT	12/15/85	5/31/86	7/19/86
TAPE TO OTA/JOINT COMMITTEE	5/ 2/86	5/31/86	7/19/86
HIGH INCOME TABLES TO OTA	6/ 1/86	6/30/86	8/20/86
MANUSCRIPT PREPARATION	1/15/86	7/15/86	9/ 5/86
MANUSCRIPT REVIEW BY DIVISION	7/15/86	7/30/86	9/20/86
PUBLICATION OF REPORT	8/15/86	9/29/86	11/23/86
PROJECT DOCUMENTATION	6/15/86	9/30/86	11/24/86
FILES TO ARCHIVES	9/15/86	10/15/86	12/10/86

NOTE: INCLUDES MILESTONE FUNCTIONS FOR BOTH THE INDIVIDUAL AND SOLE PROPRIETORSHIP PROGRAMS.

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 11015 -- SOI 1985 INDIVIDUAL PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	6/ 2/85	11/15/85	12/20/85
EDITING INSTRUCTIONS	12/10/85	2/ 3/86	3/17/86
SAT SERVICE CENTER NCC SYSTEMS	10/ 1/85	2/13/86	3/28/86
TABLE SPECIFICATIONS	11/ 3/85	6/19/86	8/ 8/86
CONSISTENCY TEST SPECIFICATIONS	12/ 3/85	6/23/86	8/13/86
ERROR RESOLUTION INSTRUCTIONS	6/15/86	8/31/86	10/24/86
ADVANCE DATA TABLE TO OTA	11/30/86	12/15/86	2/11/87
EDITING AT SERVICE CENTERS	2/14/86	2/13/87	4/14/87
ERROR RESOLUTION	10/ 1/86	2/26/87	4/28/87
SFD-O TABLE TO BEA	3/ 7/87	4/ 7/87	6/ 8/87
PRODUCE BASIC TABLES	12/15/86	5/ 1/87	7/ 3/87
QA REPORT	12/15/86	5/31/87	8/ 3/87
TAPE TO OTA/JOINT COMMITTEE	5/ 2/87	5/31/87	8/ 3/87
HIGH INCOME TABLES TO OTA	6/ 1/87	6/30/87	9/ 3/87
MANUSCRIPT PREPARATION	1/15/87	7/15/87	9/19/87
MANUSCRIPT REVIEW BY DIVISION	7/15/87	7/30/87	10/ 4/87
PROJECT DOCUMENTATION	6/15/87	8/15/87	10/21/87
PUBLICATION OF REPORT	8/15/87	9/29/87	12/ 6/87
FILES TO ARCHIVES	9/15/87	10/15/87	12/23/87

NOTE: INCLUDES MILESTONE FUNCTIONS FOR BOTH THE INDIVIDUAL AND SOLE PROPRIETORSHIP PROGRAMS.

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 11016 -- SOI 1986 INDIVIDUAL PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	6/ 2/86	11/15/86	1/11/87
EDITING INSTRUCTIONS	12/10/86	2/ 3/87	4/ 4/87
SAT SERVICE CENTER NCC SYSTEMS	10/ 1/86	2/13/87	4/14/87
TABLE SPECIFICATIONS	11/ 3/86	6/19/87	8/23/87
CONSISTENCY TEST SPECIFICATIONS	12/ 3/86	6/23/87	8/27/87
ERROR RESOLUTION INSTRUCTIONS	6/15/87	8/31/87	11/ 6/87
ADVANCE DATA TABLE TO OTA	11/30/87	12/15/87	2/23/88
EDITING AT SERVICE CENTERS	2/14/87	2/13/88	4/25/88
ERROR RESOLUTION	10/ 1/87	2/26/88	5/ 8/88
SFD-O TABLE TO BEA	3/ 7/88	4/ 7/88	6/20/88
PRODUCE BASIC TABLES	12/15/87	5/ 1/88	7/14/88
QA REPORT	12/15/87	5/31/88	8/14/88
TAPE TO OTA/JOINT COMMITTEE	5/ 2/88	5/31/88	8/14/88
HIGH INCOME TABLES TO OTA	6/ 1/88	6/30/88	9/14/88
MANUSCRIPT PREPARATION	1/15/88	7/15/88	9/29/88
MANUSCRIPT REVIEW BY DIVISION	7/15/88	7/30/88	10/15/88
PROJECT DOCUMENTATION	6/15/88	8/15/88	10/31/88
PUBLICATION OF REPORT	8/15/88	9/29/88	12/16/88
FILES TO ARCHIVES	9/15/88	10/15/88	1/ 2/89

NOTE: INCLUDES MILESTONE FUNCTIONS FOR BOTH THE INDIVIDUAL AND SOLE PROPRIETORSHIP PROGRAMS.

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 27013 -- OTA-1983 AMERICANS ABROAD (FORMS 2555/1116)

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	7/ 1/83	1/30/84	1/30/84
EDITING INSTRUCTIONS	12/ 1/84	1/30/85	1/30/85
CONSISTENCY TEST SPECIFICATIONS	1/15/85	3/29/85	3/29/85
EDITING AT SERVICE CENTERS	2/ 1/85	4/15/85	4/15/85
TABLE SPECIFICATIONS	4/ 1/85	4/26/85	4/26/85
CONSISTENCY TEST SAT	8/ 1/85	3/15/86	4/29/86
ERROR RESOLUTION INSTRUCTIONS	9/ 1/85	3/15/86	4/29/86
QA REPORT	6/ 1/85	6/ 1/86	7/20/86
TABLE SAT	4/ 3/86	6/ 1/86	7/20/86
ERROR RESOLUTION	5/ 5/86	8/20/86	10/12/86
PRODUCE TABULATIONS	9/ 1/86	10/ 1/86	11/25/86
TAPE TO OTA	9/15/86	10/15/86	12/10/86
TABLE REVIEW	10/ 1/86	11/ 1/86	12/27/86
ARTICLE FOR SOI BULLETIN	10/ 1/86	11/ 1/86	12/27/86
PROJECT DOCUMENTATION	10/15/86	11/15/86	1/11/87
TABLES TO OTA	11/ 1/86	11/15/86	1/11/87
FILES TO ARCHIVES	11/ 1/86	12/ 1/87	2/ 9/88

PROJECT NO: 51305 -- 1985 TAXPAYER USAGE PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CONSISTENCY TEST SPECIFICATIONS	8/15/85	10/15/85	11/14/85
EDIT TRAINING	11/ 1/85	12/15/85	1/22/86
PUBLISH BULLETIN ARTICLE	5/25/86	6/30/86	8/20/86
QUALITY EVALUATION	1/30/86	10/15/86	12/10/86
FILES TO ARCHIVES	9/ 1/86	10/30/86	12/25/86
PROJECT DOCUMENTATION	9/ 1/86	10/30/86	12/25/86
TABLES TO SPONSOR	12/29/86	12/30/86	2/27/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 39053 -- FORM W-2 STUDY

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
QUALITY EVALUATION	1/15/86	3/15/86	4/29/86
CONSISTENCY/TEST SAT	3/29/86	4/23/86	6/ 9/86
TABLE SAT	4/26/86	5/27/86	7/15/86
PRODUCE TABULATIONS	6/15/86	6/31/86	8/21/86
PROJECT DOCUMENTATION	10/20/86	12/ 1/86	1/28/87
TAPE TO OTA	11/15/86	12/ 1/86	1/28/87

PROJECT NO: 11084 -- 1984 TAX MODEL DEVELOPMENT

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
TAX MODEL SPECIFICATION	12/ 1/85	3/30/86	5/15/86
SAT OUTPUT PROCESSING	10/15/86	10/30/86	12/25/86
PUBLIC USE FILE	11/ 1/86	11/30/86	1/27/87
DISCLOSURE SYSTEM DEVELOPMENT	10/15/86	12/15/86	2/11/87
PROJECT DOCUMENTATION	12/ 1/86	1/30/87	3/31/87

PROJECT NO: 71133 -- VETERANS ADMINISTRATION/IRS EXTRACT STUDY, 1983

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
PRODUCE GTS TABLES	7/ 5/86	7/30/86	9/20/86
TABLES TO SPONSOR	8/20/86	8/30/86	10/23/86
PROJECT DOCUMENTATION	9/15/86	9/30/86	11/24/86

PROJECT NO: 71983 -- DEFENSE OCCUPATION STUDY

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
EDITING AT SERVICE CENTERS	6/ 1/86	6/30/86	8/20/86
TAPE TO SPONSOR	11/20/86	11/30/86	1/27/87
PROJECT DOCUMENTATION	12/ 1/86	12/15/86	2/11/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 22012 -- SOI-1982, FOREIGN TAX CREDIT PROGRAM (FORM 1118)

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	11/10/82	12/19/82	12/19/82
EDITING INSTRUCTIONS	1/20/83	3/ 5/83	3/ 5/83
CONSISTENCY TEST SPECIFICATIONS	9/ 1/83	10/31/83	10/31/83
SYSTEMS (PRETABLE) REQUIREMENTS	11/ 1/83	11/30/83	11/30/83
TABLE SPECIFICATIONS	11/ 1/83	1/30/84	1/30/84
SYSTEMS (TABLE) REQUIREMENTS	2/ 1/84	2/28/84	2/28/84
ERROR RESOLUTION INSTRUCTIONS	2/15/84	4/30/84	4/30/84
EDITING AT DATA CENTER	4/ 2/83	8/16/84	8/16/84
INPUT PROCESSING SAT	4/10/84	10/12/84	10/12/84
EDITING AT SERVICE CENTERS	4/25/83	11/23/84	11/23/84
NATIONAL OFFICE ERROR RESOLUTION	7/ 3/84	8/30/85	8/30/85
TABLE SAT	6/ 1/85	8/30/85	8/30/85
PRODUCE TABULATIONS	9/ 1/85	10/30/85	12/ 2/85
TAPE TO OTA	10/27/85	10/30/85	12/ 2/85
TABLES TO OTA	10/15/85	11/15/85	12/20/85
QA REPORT TO OTA	11/16/85	12/10/85	1/17/86
SYSTEMS DOCUMENTATION	11/ 1/85	12/31/85	2/ 8/86
PROJECT DOCUMENTATION	11/23/85	2/28/86	4/13/86
MICROFICHE DATA AND DOCUMENTATION	3/ 1/86	5/31/86	7/19/86
PUBLISH BULLETIN ARTICLE	11/16/85	10/15/86	12/10/86

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 22014 -- SOI-1984, FOREIGN TAX CREDIT PROGRAM (FORM 1118

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	11/10/84	12/19/84	12/19/84
EDITING INSTRUCTIONS	1/20/85	3/ 5/85	3/ 5/85
CONSISTENCY TEST SPECIFICATIONS	9/ 1/85	11/ 5/85	12/ 9/85
SYSTEMS REQUIREMENTS	11/ 1/85	12/15/85	1/22/86
TABLE SPECIFICATIONS	11/ 1/85	1/30/86	3/13/86
ERROR RESOLUTION INSTRUCTIONS	2/15/86	4/30/86	6/17/86
INPUT PROCESSING SAT	4/10/86	10/15/86	12/10/86
EDITING AT SERVICE CENTERS	4/25/85	11/28/86	1/25/87
NATIONAL OFFICE ERROR RESOLUTION	6/11/86	8/30/87	11/ 5/87
TABLE SAT	6/ 1/87	8/30/87	11/ 5/87
PRODUCE TABULATIONS	9/ 1/87	10/30/87	1/ 7/88
TAPE TO OTA	10/26/87	10/30/87	1/ 7/88
TABLES TO OTA	10/15/87	11/15/87	1/23/88
SYSTEMS DOCUMENTATION	11/ 1/87	11/22/87	1/31/88
QA REPORT TO OTA	11/16/87	12/10/87	2/18/88
PROJECT DOCUMENTATION	11/23/87	12/15/87	2/23/88
MICROFICHE DATA AND DOCUMENTATION	1/16/88	3/15/88	5/27/88
PUBLISH BULLETIN ARTICLE	11/16/87	1/15/89	4/ 6/89

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 23012 -- SOI-1982, CONTROLLED FOREIGN CORPORATION PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	11/10/82	12/19/82	12/19/82
EDITING INSTRUCTIONS	1/20/83	3/ 5/83	3/ 5/83
CONSISTENCY TEST SPECIFICATIONS	9/ 1/83	10/31/83	10/31/83
SYSTEMS (PRETABLE) REQUIREMENTS	11/ 1/83	11/30/83	11/30/83
TABLE SPECIFICATIONS	11/ 1/83	1/30/84	1/30/84
SYSTEMS (TABLE) REQUIREMENTS	2/ 1/84	2/28/84	2/28/84
ERROR RESOLUTION INSTRUCTIONS	2/15/84	4/30/84	4/30/84
EDITING AT DATA CENTER	4/ 2/83	8/16/84	8/16/84
INPUT PROCESSING SAT	4/10/84	10/12/84	10/12/84
EDITING AT SERVICE CENTERS	4/25/83	11/23/84	11/23/84
NATIONAL OFFICE ERROR RESOLUTION	7/ 3/84	8/30/85	8/30/85
TABLE SAT	6/ 1/85	8/30/85	8/30/85
PRODUCE TABULATIONS	9/ 1/85	10/30/85	12/ 2/85
TAPE TO OTA	10/27/85	10/30/85	12/ 2/85
TABLES TO OTA	10/15/85	11/15/85	12/20/85
QA REPORT TO OTA	11/16/85	12/10/85	1/17/86
SYSTEMS DOCUMENTATION	11/ 1/85	12/31/85	2/ 8/86
PROJECT DOCUMENTATION	11/23/85	2/28/86	4/13/86
MICROFICHE DATA AND DOCUMENTATION	3/ 1/86	5/31/86	7/19/86
PUBLISH BULLETIN ARTICLE	11/16/85	1/15/87	3/15/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 23014 -- SOI-1984, FOREIGN CORPORATION PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	11/10/84	12/19/84	12/19/84
EDITING INSTRUCTIONS	1/20/85	3/ 5/85	3/ 5/85
CONSISTENCY TEST SPECIFICATIONS	9/ 1/85	11/ 5/85	12/ 9/85
SYSTEMS REQUIREMENTS	11/ 1/85	12/15/85	1/22/86
TABLE SPECIFICATIONS	11/ 1/85	1/30/86	3/13/86
ERROR RESOLUTION INSTRUCTIONS	2/15/86	4/30/86	6/17/86
INPUT PROCESSING SAT	4/10/86	10/15/86	12/10/86
EDITING AT SERVICE CENTERS	4/25/85	11/28/86	1/25/87
NATIONAL OFFICE ERROR RESOLUTION	6/11/86	8/30/87	11/ 5/87
TABLE SAT	6/ 1/87	8/30/87	11/ 5/87
PRODUCE TABULATIONS	9/ 1/87	10/30/87	1/ 7/88
TAPE TO OTA	10/26/87	10/30/87	1/ 7/88
TABLES TO OTA	10/15/87	11/15/87	1/23/88
SYSTEMS DOCUMENTATION	11/ 1/87	11/22/87	1/31/88
QA REPORT TO OTA	11/16/87	12/10/87	2/18/88
PROJECT DOCUMENTATION	11/23/87	12/15/87	2/23/88
MICROFICHE DATA AND DOCUMENTATION	1/16/88	3/15/88	5/27/88
PUBLISH BULLETIN ARTICLE	11/16/87	10/15/88	1/ 2/89

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 24013 -- OTA-1983, POSSESSIONS PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	11/15/83	4/30/84	4/30/84
EDITING INSTRUCTIONS	6/ 1/84	7/31/84	7/31/84
CONSISTENCY TEST SPECIFICATIONS	10/ 1/84	10/31/84	10/31/84
SYSTEMS REQUIREMENTS	11/ 1/84	12/15/84	12/15/84
INPUT PROCESSING SAT	2/15/85	3/31/85	3/31/85
TABLE SPECIFICATIONS	1/ 1/85	6/ 1/85	6/ 1/85
EDITING AT SERVICE CENTERS	9/ 1/84	7/31/85	7/31/85
TABLE SAT	8/ 1/85	11/27/85	1/ 2/86
NATIONAL OFFICE ERROR RESOLUTION	4/ 1/85	4/30/86	6/17/86
PRODUCE TABULATIONS	5/ 1/86	5/10/86	6/27/86
FINAL TAPE TO OTA	5/25/86	5/30/86	7/18/86
TABLES TO OTA	5/21/86	5/30/86	7/18/86
QA REPORT TO OTA	6/ 1/86	7/15/86	9/ 5/86
SYSTEMS DOCUMENTATION	6/ 1/86	7/15/86	9/ 5/86
PROJECT DOCUMENTATION	7/16/86	8/ 5/86	9/27/86
MICROFICHE DATA AND DOCUMENTATION	8/ 6/86	9/25/86	11/19/86

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 24015 -- OTA-1985, POSSESSIONS PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	11/15/85	4/30/86	6/17/86
EDITING INSTRUCTIONS	6/ 1/86	7/31/86	9/21/86
CONSISTENCY TEST SPECIFICATIONS	10/ 1/86	10/31/86	12/26/86
SYSTEMS REQUIREMENTS	11/ 1/86	12/15/86	2/11/87
TABLE SPECIFICATIONS	1/ 1/87	1/31/87	4/ 1/87
INPUT PROCESSING SAT	2/ 5/87	3/15/87	5/16/87
EDITING AT SERVICE CENTERS	9/ 1/86	7/31/87	10/ 5/87
NATIONAL OFFICE ERROR RESOLUTION	3/15/87	8/30/87	11/ 5/87
TABLE SAT	8/ 1/87	8/30/87	11/ 5/87
PRODUCE TABULATIONS	9/ 1/87	9/15/87	11/22/87
FINAL TAPE TO OTA	9/14/87	9/20/87	11/27/87
TABLES TO OTA	9/15/87	9/30/87	12/ 7/87
QA REPORT TO OTA	10/ 1/87	10/31/87	1/ 8/88
SYSTEMS DOCUMENTATION	10/ 1/87	11/30/87	2/ 8/88
PROJECT DOCUMENTATION	12/ 1/87	12/30/87	3/10/88
MICROFICHE DATA AND DOCUMENTATION	1/ 1/88	2/15/88	4/27/88
PUBLISH BULLETIN ARTICLE	11/ 1/87	4/15/88	6/28/88

PROJECT NO: 26015 -- 1985 SALES OF US REAL PROPERTY BY FOREIGN PERSONS

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	3/15/85	1/31/86	3/14/86
TRANSCRIPTION AT SERVICE CENTER	4/ 1/86	6/30/86	8/20/86
ERROR RESOLUTION AT SERVICE CENTER	6/ 1/87	8/31/87	11/ 6/87
PRODUCE TABULATIONS	9/ 1/87	9/ 5/87	11/11/87
QA REPORT TO OTA	9/10/87	9/20/87	11/27/87
REVIEW TABLES	9/10/87	9/20/87	11/27/87
TABLES TO OTA	9/25/87	9/30/87	12/ 7/87
SYSTEMS DOCUMENTATION	10/ 1/87	10/10/87	12/17/87
PROJECT DOCUMENTATION	10/10/87	10/20/87	12/28/87
MICROFICHE DATA AND DOCUMENTATION	10/20/87	11/20/87	1/29/88

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 27014 -- SOI-1984, 1120 DISC PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
EDITING INSTRUCTIONS	6/24/85	8/ 9/85	8/ 9/85
ERROR RESOLUTION INSTRUCTIONS	9/ 1/85	12/30/85	2/ 7/86
CONSISTENCY TEST SPECIFICATIONS	8/21/85	12/31/85	2/ 8/86
TABLE SPECIFICATIONS	2/17/86	3/28/86	5/13/86
TABLE SAT	7/ 1/86	8/30/86	10/23/86
NATIONAL OFFICE ERROR RESOLUTION	11/12/85	9/10/86	11/ 3/86
TABLES TO OTA	12/28/86	12/30/86	2/27/87
PROJECT DOCUMENTATION	10/30/86	4/25/87	6/27/87
QA REPORT TO OTA	1/ 3/87	4/30/87	7/ 2/87
MICROFICHE DATA AND DOCUMENTATION	4/26/87	7/30/87	10/ 4/87

PROJECT NO: 2/114 -- SOI-1984, SPECIAL FSC AND IC-DISC PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	8/ 1/85	10/31/85	12/ 3/85
EDITING INSTRUCTIONS	11/ 1/85	1/31/86	3/14/86
CONSISTENCY TEST SPECIFICATIONS	2/15/86	3/30/86	5/15/86
SYSTEMS REQUIREMENTS	4/ 1/86	5/15/86	7/ 2/86
TABLE SPECIFICATIONS	5/ 1/86	6/30/86	8/20/86
PHOTOCOPY RETURNS	12/ 1/85	7/30/86	9/20/86
PRE-TABLE PROGRAMMING	5/15/86	8/15/86	10/ 7/86
PROGRAMMING TABLES	7/15/86	9/15/86	11/ 8/86
EDITING AT DATA CENTER	3/ 1/86	9/30/86	11/24/86
INPUT PROCESSING SAT	8/16/86	10/15/86	12/10/86
TRANSCRIPTION AT DATA CENTER	4/ 1/86	10/30/86	12/25/86
TABLE SAT	9/15/86	11/30/86	1/27/87
NATIONAL OFFICE ERROR RESOLUTION	10/16/86	4/15/87	6/17/87
PRODUCE TABULATIONS	4/16/87	5/30/87	8/ 2/87
PRODUCE LISTING	4/16/87	5/30/87	8/ 2/87
LISTINGS TO OTA	6/16/87	6/30/87	9/ 3/87
TABLES TO OTA	6/16/87	6/30/87	9/ 3/87
SYSTEMS DOCUMENTATION	6/ 1/87	7/30/87	10/ 4/87
QA REPORT TO OTA	7/ 1/87	8/30/87	11/ 5/87
PROJECT DOCUMENTATION	8/ 1/87	9/30/87	12/ 7/87
MICROFICHE DATA AND DOCUMENTATION	10/ 1/87	11/30/87	2/ 8/88

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 27015 -- SOI-1985, IC-DISC AND FSC PROGRAMS

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	10/21/85	1/31/86	3/14/86
CONSISTENCY TEST SPECIFICATIONS	11/18/85	2/20/86	4/ 4/86
EDITING INSTRUCTIONS	2/20/86	5/ 9/86	6/26/86
ERROR RESOLUTION INSTRUCTIONS	3/17/86	7/11/86	8/31/86
TABLE SPECIFICATIONS	2/ 3/87	3/28/87	5/29/87
NATIONAL OFFICE ERROR RESOLUTION	8/ 4/86	12/20/87	2/29/88
TABLES TO OTA	12/28/87	12/30/87	3/10/88
QA REPORT TO OTA	1/11/88	1/29/88	4/10/88
PROJECT DOCUMENTATION	2/ 8/88	2/26/88	5/ 8/88
MICROFICHE DATA AND DOCUMENTATION	3/ 7/88	4/29/88	7/12/88
PUBLISH BULLETIN ARTICLE	3/ 7/88	7/15/88	9/29/88

PROJECT NO: 25014 -- OTA-1984, BOYCOTT PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	12/ 1/85	12/30/85	2/ 7/86
PHOTOCOPYING	9/ 1/85	3/15/86	4/29/86
DATA ABSTRACTION	10/15/85	4/30/86	6/17/86
LISTINGS TO OTA	8/ 1/86	8/15/86	10/ 7/86
QA REPORT TO OTA	7/30/86	8/15/86	10/ 7/86
PROJECT DOCUMENTATION	12/ 1/84	9/15/86	11/ 8/86
MICROFICHE DATA AND DOCUMENTATION	9/16/86	10/15/86	12/10/86

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 29036 -- OTA-1986, FOREIGN TRUST PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	11/ 1/85	3/31/86	5/16/86
PHOTOCOPYING	1/ 1/86	1/31/87	4/ 1/87
DATA ABSTRACTION	2/ 1/87	3/10/87	5/10/87
PRODUCE LISTING	3/10/87	4/10/87	6/11/87
PRODUCE TABULATIONS	4/10/87	5/10/87	7/13/87
LISTINGS TO OTA	5/10/87	5/15/87	7/18/87
TABLES TO OTA	5/10/87	5/15/87	7/18/87
QA REPORT TO OTA	5/16/87	6/30/87	9/ 3/87
PROJECT DOCUMENTATION	5/16/87	7/30/87	10/ 4/87
ARTICLE FOR COMPENDIUM	5/16/87	9/ 1/87	11/ 7/87
MICROFICHE DATA AND DOCUMENTATION	9/ 1/87	9/15/87	11/22/87

PROJECT NO: 29044 -- OTA-1984, NONRESIDENT ALIEN INCOME PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	12/ 1/84	1/31/85	1/31/85
TRANSCRIPTION AT SERVICE CENTERS	3/15/85	2/20/86	4/ 4/86
ERROR RESOLUTION AT SERVICE CENTER	3/15/85	2/20/86	4/ 4/86
PRODUCE TABULATION AT SERVICE CENTER	12/21/85	2/20/86	4/ 4/86
SHIP DATA TAPES	3/ 1/86	3/31/86	5/16/86
TABLE REVIEW	3/ 1/86	5/22/86	7/10/86
TABLES TO OTA	5/23/86	5/27/86	7/15/86
LISTINGS TO OTA	7/ 1/86	7/17/86	9/ 7/86
QA REPORT TO OTA	7/18/86	8/15/86	10/ 7/86
SYSTEMS DOCUMENTATION	7/16/86	8/15/86	10/ 7/86
PROJECT DOCUMENTATION	2/23/84	9/15/86	11/ 8/86
PUBLISH BULLETIN ARTICLE	7/ 1/86	10/15/86	12/10/86
MICROFICHE DATA AND DOCUMENTATION	9/16/86	10/30/86	12/25/86

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 29066 -- SOI-1986, NON-RESIDENT ALIEN ESTATES

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	7/ 1/86	8/31/86	10/24/86
PHOTOCOPYING	2/ 1/86	10/30/88	1/17/89
DATA ABSTRACTION	10/ 1/86	12/31/88	3/21/89
PRODUCE TABULATIONS	1/ 1/89	1/31/89	4/22/89
PRODUCE LISTING	1/ 1/89	1/31/89	4/22/89
LISTINGS TO OTA	2/ 1/89	2/15/89	5/ 7/89
TABLES TO OTA	2/ 1/89	2/15/89	5/ 7/89
QA REPORT TO OTA	2/16/89	4/ 1/89	6/23/89
ARTICLE FOR COMPENDIUM	2/16/89	5/30/89	8/22/89
PROJECT DOCUMENTATION	2/16/89	6/ 1/89	8/24/89
MICROFICHE DATA AND DOCUMENTATION	6/ 1/89	7/ 1/89	9/24/89

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 19022 -- SOI-1982-1984, ESTATE TAX RETURNS

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
FUNCTIONS BELOW FOR 1984 RETURNS			
TABLE SPECIFICATIONS	5/ 1/84	7/30/84	7/30/84
EDITING	3/19/84	3/20/85	3/20/85
MICROFICHE DATA AND DOCUMENTATION	3/26/84	3/20/85	3/20/85
PROGRAM TABLES	3/21/84	3/30/85	3/30/85
ERROR RESOLUTION	3/22/84	4/15/85	4/15/85
PRODUCE TABULATIONS	5/15/85	5/30/85	5/30/85
TAPE TO OTA	6/24/85	6/24/85	6/24/85
PUBLISH BULLETIN ARTICLE	7/15/85	9/27/85	9/27/85
QA REPORT	10/ 1/85	12/30/85	2/ 7/86
FUNCTIONS BELOW FOR 1985 RETURNS-			
TABLE SPECIFICATIONS	5/ 1/85	7/30/85	7/30/85
EDITING	4/15/85	3/28/86	5/13/86
ERROR RESOLUTION	4/15/85	4/19/86	6/ 5/86
PROGRAM TABLES	4/15/85	4/19/86	6/ 5/86
PRODUCE TABULATIONS	6/ 8/86	6/27/86	8/17/86
QA REPORT	6/ 1/86	7/ 1/86	8/21/86
TAPE TO OTA	7/15/86	7/15/86	9/ 5/86
FUNCTIONS BELOW FOR PER. WLTH RPT			
TABLE SPECIFICATIONS	5/15/85	6/15/85	6/15/85
PROGRAM TABLES	6/15/85	9/15/85	9/15/85
PRODUCE GTS TABLES	10/ 1/85	11/ 1/85	12/ 4/85
TAPE TO OTA	2/10/86	2/10/86	3/25/86
PUBLISH BULLETIN ARTICLE	7/ 1/86	10/30/86	12/25/86
PROJECT DOCUMENTATION	10/ 1/80	12/15/86	2/11/87
SYSTEMS DOCUMENTATION	10/ 1/84	12/15/86	2/11/87
MICROFICHE DATA AND DOCUMENTATION	1/30/87	2/15/87	4/17/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 19026 -- SOI-1986-1988, ESTATE TAX RETURNS

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
FUNCTIONS BELOW FOR 1986 RETURNS-			
TABLE SPECIFICATIONS	3/ 1/86	8/27/86	10/20/86
EDITING	3/ 1/86	3/15/87	5/16/87
ERROR RESOLUTION	3/ 1/86	3/30/87	5/31/87
PROGRAM TABLES	1/18/87	4/30/87	7/ 2/87
PRODUCE TABULATIONS	4/11/87	6/15/87	8/19/87
TAPE TO OTA	6/17/87	7/ 1/87	9/ 4/87
PUBLISH BULLETIN ARTICLE	7/ 1/87	10/30/87	1/ 7/88
FUNCTIONS BELOW FOR 1987 RETURNS-			
TABLE SPECIFICATIONS	5/ 2/87	7/29/87	10/ 3/87
PROGRAM TABLES	8/ 1/87	11/ 1/87	1/ 9/88
EDITING	3/21/87	3/15/88	5/27/88
ERROR RESOLUTION	7/25/87	3/30/88	6/11/88
PRODUCE TABULATIONS	4/10/88	6/15/88	8/29/88
TAPE TO OTA	7/ 1/88	7/ 1/88	9/15/88
PUBLISH BULLETIN ARTICLE	7/ 1/88	10/30/88	1/17/89
FUNCTIONS BELOW FOR 1988 RETURNS-			
TABLE SPECIFICATIONS	5/ 1/88	7/30/88	10/15/88
PROGRAM TABLES	8/ 1/88	11/ 1/88	1/19/89
EDITING	3/19/88	2/22/89	5/15/89
ERROR RESOLUTION	3/22/88	3/30/89	6/20/89
PRODUCE TABULATIONS	4/ 1/89	4/20/89	7/12/89
TAPE TO OTA	6/17/89	6/17/89	9/ 9/89
SYSTEMS DOCUMENTATION	8/30/88	10/30/89	1/25/90
PROJECT DOCUMENTATION	10/10/89	12/30/89	3/28/90
QA REPORT	10/ 1/89	12/30/89	3/28/90
MICROFICHE DATA AND DOCUMENTATION	1/10/90	2/10/90	5/10/90

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 31013 -- SOI-1983, PRIVATE FOUNDATION PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	1/15/84	3/30/84	3/30/84
CONSISTENCY TEST SPECIFICATIONS	5/ 1/84	8/30/84	8/30/84
PAR PACKAGE	3/15/84	8/30/84	8/30/84
EDITING INSTRUCTIONS	5/ 1/84	1/30/85	1/30/85
TABLE SPECIFICATIONS	8/ 1/84	1/30/85	1/30/85
INPUT PROCESSING SAT	3/ 1/85	7/15/85	7/15/85
ERROR RESOLUTION INSTRUCTIONS	3/15/85	9/30/85	9/30/85
GTS PROGRAMMING	5/15/85	12/30/85	2/ 7/86
GTS SAT	10/ 1/85	3/15/86	4/29/86
EDITING	7/15/85	5/30/86	7/18/86
ERROR RESOLUTION	10/15/85	7/15/86	9/ 5/86
PRODUCE GTS TABLES	8/15/86	8/30/86	10/23/86
TAPE TO OTA	9/ 1/86	9/ 1/86	10/25/86
SYSTEMS DOCUMENTATION	7/ 1/86	9/30/86	11/24/86
PUBLISH BULLETIN ARTICLE	9/30/86	1/30/87	3/31/87
PROJECT DOCUMENTATION	1/ 1/87	2/28/87	4/30/87
MICROFICHE DATA AND DOCUMENTATION	5/ 1/86	3/30/87	5/31/87
QA REPORT	2/ 1/87	3/30/87	5/31/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 31023 -- SOI-1983, OTHER TAX-EXEMPT PROGRAM

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	1/ 1/84	4/ 1/84	4/ 1/84
PAR PACKAGE	4/ 1/84	9/30/84	9/30/84
EDITING INSTRUCTIONS	3/15/84	1/30/85	1/30/85
TABLE SPECIFICATIONS	6/ 6/84	1/30/85	1/30/85
CONSISTENCY TEST SPECIFICATIONS	5/ 1/84	7/30/85	7/30/85
INPUT PROCESSING SAT	7/ 1/85	7/30/85	7/30/85
ERROR RESOLUTION INSTRUCTIONS	3/ 1/85	12/30/85	2/ 7/86
GTS PROGRAMMING	3/ 1/85	5/30/86	7/18/86
GTS SAT	12/ 1/85	5/30/86	7/18/86
EDITING	4/22/85	8/15/86	10/ 7/86
ERROR RESOLUTION	10/25/85	8/15/86	10/ 7/86
SYSTEMS DOCUMENTATION	4/ 1/84	10/15/86	12/10/86
PRODUCE GTS TABLES	9/ 1/86	10/30/86	12/25/86
TAPE TO OTA	11/15/86	11/15/86	1/11/87
PUBLISH BULLETIN ARTICLE	9/30/86	1/30/87	3/31/87
PROJECT DOCUMENTATION	1/15/87	2/15/87	4/17/87
QA REPORT	1/15/87	2/15/87	4/17/87
MICROFICHE DATA AND DOCUMENTATION	10/16/76	3/30/87	5/31/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 51715 -- OTA-1985, WINDFALL PROFIT TAX PROGRAM FORM 6047

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
EDITING INSTRUCTIONS	6/21/85	7/ 2/85	7/ 2/85
CONSISTENCY TEST SPECIFICATIONS	7/ 5/85	8/20/85	8/20/85
DATA ABSTRACTION 1ST QTR RETURNS	7/ 5/85	9/17/85	9/17/85
ERROR RESOLUTION 1ST QTR RETURNS	8/ 2/85	9/24/85	9/24/85
1ST QTR TABLES TO OTA	10/30/85	10/30/85	12/ 2/85
DATA ABSTRACTION 2ND QTR RETURNS	10/ 4/85	12/17/85	1/24/86
ERROR RESOLUTION 2ND QTR RETURNS	11/ 1/85	12/24/85	2/ 1/86
2ND QTR TABLES TO OTA	3/ 1/86	3/ 1/86	4/14/86
DATA ABSTRACTION 3RD QTR RETURNS	1/10/86	3/18/86	5/ 2/86
ERROR RESOLUTION 3RD QTR RETURNS	2/ 7/86	3/25/86	5/ 9/86
3RD QTR TABLES TO OTA	4/29/86	4/30/86	6/17/86
DATA ABSTRACTION 4TH QTR RETURNS	4/ 4/86	6/ 7/86	7/27/86
ERROR RESOLUTION 4TH QTR RETURNS	5/ 2/86	6/24/86	8/14/86
4TH QTR TABLES TO OTA	7/29/86	7/30/86	9/20/86
PROJECT DOCUMENTATION	4/ 1/85	10/29/86	12/24/86
QA REPORT	10/ 1/86	10/29/86	12/24/86
MICROFICHE DATA AND DOCUMENTATION	11/30/86	12/30/86	2/27/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 51716 -- OTA-1986, WINDFALL PROFIT TAX PROGRAM FORM 6047

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
EDITING INSTRUCTIONS	6/21/86	7/ 2/86	8/22/86
CONSISTENCY TEST SPECIFICATIONS	7/ 5/86	8/20/86	10/12/86
DATA ABSTRACTION 1ST QTR RETURNS	7/ 5/86	9/17/86	11/11/86
ERROR RESOLUTION 1ST QTR RETURNS	8/ 2/86	9/24/86	11/18/86
QA REPORT	10/ 1/86	10/29/86	12/24/86
1ST QTR TABLES TO OTA	10/30/86	10/30/86	12/25/86
DATA ABSTRACTION 2ND QTR RETURNS	10/ 4/86	12/17/86	2/13/87
ERROR RESOLUTION 2ND QTR RETURNS	11/ 1/86	12/24/86	2/21/87
2ND QTR TABLES TO OTA	2/ 6/87	2/ 7/87	4/ 8/87
DATA ABSTRACTION 3RD QTR RETURNS	1/10/87	3/18/87	5/19/87
ERROR RESOLUTION 3RD QTR RETURNS	2/ 7/87	3/25/87	5/26/87
3RD QTR TABLES TO OTA	4/29/87	4/30/87	7/ 2/87
DATA ABSTRACTION 4TH QTR RETURNS	4/ 4/87	6/ 7/87	8/10/87
ERROR RESOLUTION 4TH QTR RETURNS	5/ 2/87	6/24/87	8/28/87
4TH QTR TABLES TO OTA	7/29/87	7/30/87	10/ 4/87
PROJECT DOCUMENTATION	4/ 1/86	10/29/87	1/ 6/88
MICROFICHE DATA AND DOCUMENTATION	11/30/87	12/30/87	3/10/88

PROJECT NO: 51795 -- OTA-1985, PRIVATE ACTIVITY BONDS

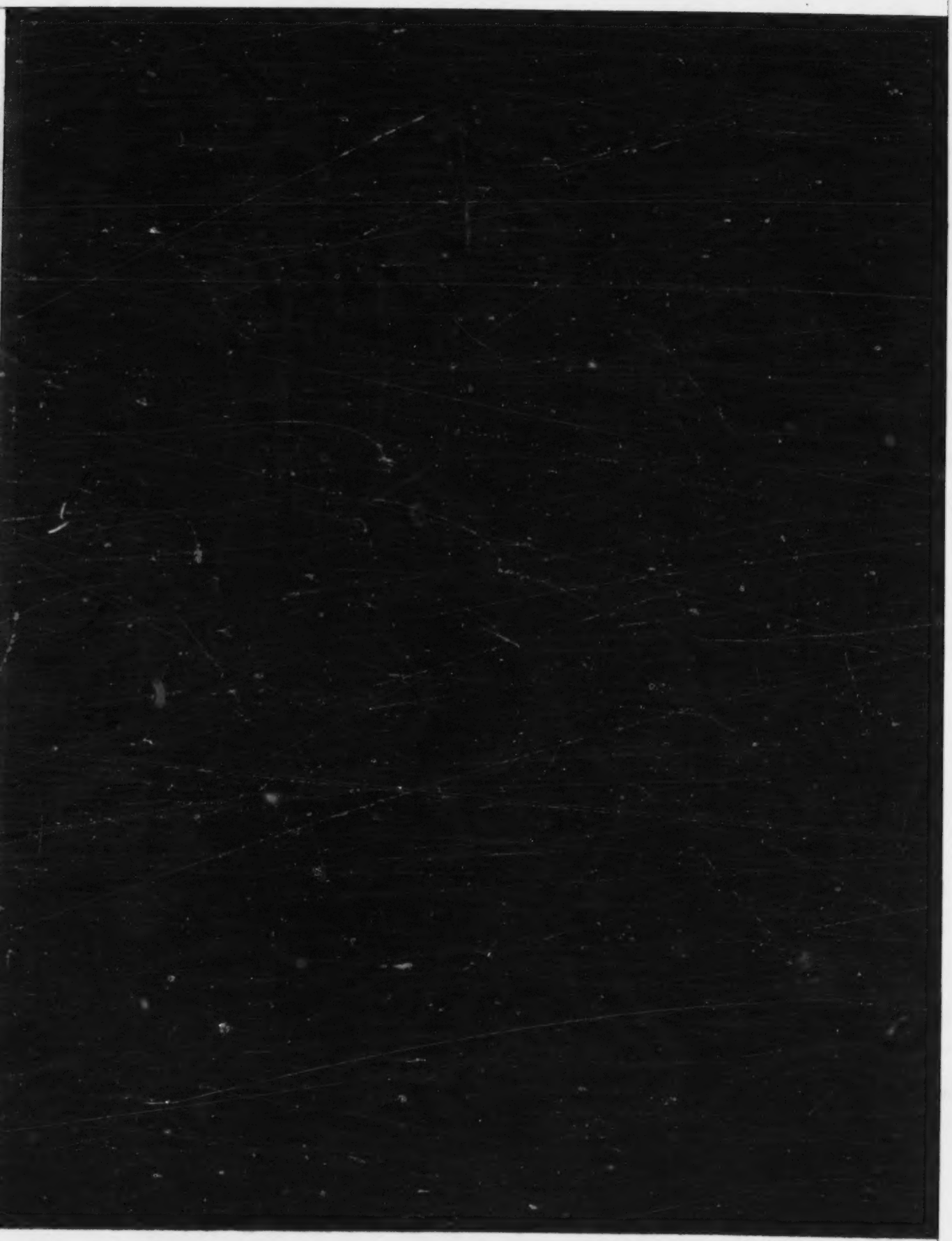
FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
CODES AND ITEMS	12/ 1/84	3/30/85	3/30/85
EDITING INSTRUCTIONS	1/ 3/85	3/30/85	3/30/85
CONSISTENCY TEST SPECIFICATIONS	2/ 7/85	5/31/85	5/31/85
EDITING	12/ 1/85	3/16/86	4/30/86
PRODUCE TABULATIONS	12/ 1/86	12/30/86	2/27/87
TAPE TO OTA	12/25/86	12/30/86	2/27/87
PUBLISH BULLETIN ARTICLE	7/30/86	12/31/86	2/28/87
QA REPORT	1/ 1/87	3/20/87	5/21/87
PROJECT DOCUMENTATION	1/ 1/87	3/30/87	5/31/87
SYSTEMS DOCUMENTATION	1/ 1/87	3/30/87	5/31/87
MICROFICHE DATA AND DOCUMENTATION	4/30/87	5/30/87	8/ 2/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 80225 -- EPA-1985, SUPERFUND TAX TABULATIONS

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
EDITING INSTRUCTIONS	10/ 1/85	4/30/86	6/17/86
ERROR RESOLUTION INSTRUCTIONS	1/ 3/86	4/30/86	6/17/86
FUNCTIONS BELOW FOR 1ST QTR RTRNS			
EDITING	5/10/85	4/ 2/86	5/18/86
ERROR RESOLUTION	6/ 1/85	4/11/86	5/28/86
1ST QTR TABLES TO EPA	4/30/86	4/30/86	6/17/86
FUNCTIONS BELOW FOR 2ND QTR RTRNS			
EDITING	8/10/85	7/ 3/86	8/23/86
ERROR RESOLUTION	9/15/85	7/11/86	8/31/86
2ND QTR TABLES TO EPA	7/30/86	7/30/86	9/20/86
FUNCTIONS BELOW FOR 3RD QTR RTRNS			
EDITING	11/10/85	9/30/86	11/24/86
ERROR RESOLUTION	10/15/85	10/10/86	12/ 5/86
3RD QTR TABLES TO EPA	10/30/86	10/30/86	12/25/86
FUNCTIONS BELOW FOR 4TH QTR RTRNS			
EDITING	1/10/86	12/30/86	2/27/87
ERROR RESOLUTION	1/20/86	1/ 9/87	3/ 9/87
4TH QTR TABLES TO EPA	1/30/87	1/30/87	3/31/87
SYSTEMS DOCUMENTATION	1/10/87	2/20/87	4/22/87
QA REPORT	1/30/87	2/28/87	4/30/87
PROJECT DOCUMENTATION	1/30/87	3/10/87	5/10/87
PUBLISH BULLETIN ARTICLE	1/10/87	3/30/87	5/31/87
MICROFICHE DATA AND DOCUMENTATION	3/15/87	4/15/87	6/17/87

STATISTICS OF INCOME DIVISION PROJECT RECORD: MILESTONES

PROJECT NO: 80226 -- EPA-1986, SUPERFUND TAX TABULATIONS

FUNCTION DESCRIPTION	SCHEDULED DATES START	SCHEDULED DATES FINISH	MUST FINISH DATE
EDITING INSTRUCTIONS	10/ 1/86	4/30/87	7/ 2/87
ERROR RESOLUTION INSTRUCTIONS	1/ 3/87	4/30/87	7/ 2/87
FUNCTIONS BELOW FOR 1ST QTR RTRNS			
EDITING	5/10/86	4/ 2/87	6/ 3/87
ERROR RESOLUTION	6/ 1/86	4/11/87	6/13/87
1ST QTR TABLES TO EPA	4/30/87	4/30/87	7/ 2/87
FUNCTIONS BELOW FOR 2ND QTR RTRNS			
EDITING	8/10/86	7/ 3/87	9/ 6/87
ERROR RESOLUTION	9/15/86	7/11/87	9/15/87
2ND QTR TABLES TO EPA	7/30/87	7/30/87	10/ 4/87
FUNCTIONS BELOW FOR 3RD QTR RTRNS			
EDITING	11/10/86	9/30/87	12/ 7/87
ERROR RESOLUTION	10/15/86	10/10/87	12/17/87
3RD QTR TABLES TO EPA	10/30/87	10/30/87	1/ 7/88
FUNCTIONS BELOW FOR 4TH QTR RTRNS			
EDITING	1/10/87	12/30/87	3/10/88
ERROR RESOLUTION	1/20/87	1/ 9/88	3/20/88
4TH QTR TABLES TO EPA	1/30/88	1/30/88	4/11/88
PUBLISH BULLETIN ARTICLE	1/10/88	3/20/88	6/ 1/88
QA REPORT	2/30/88	3/30/88	6/11/88
PROJECT DOCUMENTATION	2/30/88	4/30/88	7/13/88
SYSTEMS DOCUMENTATION	2/30/88	4/30/88	7/13/88
MICROFICHE DATA AND DOCUMENTATION	4/10/88	5/10/88	7/23/88